The China Weekly

REVIEW

密勒氏評論報

A Weekly Newspaper Established in 1917

Tangku Truce and Japan's Pressure for Alliance Against Reds

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SATURDAY, SEPTEMBER 7, 1935 VOLUME 74, NUMBER 1

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September 4, 1935
Stock Exchange — Business Done:-
Total Volume: 90,000 Shares

1934-35 High	1934-35 Low	Div. $ per sh	STOCKS	Last Sale Aug. 31	Last Sale Sept. 3
11⅞	4⅝	—	Adams Express	8¼	8
146	90¼	4 00	American Can	138½	138
24⅝	14⅝	0.40	Amer. Cyanamid "B"	24⅛	24⅛
13¾	2	—	American & For. Power	7⅛	6⅝
41	11¾	—	American & Foreign Pwr. $7 pref.	35⅛	32⅝
18½	10	—	American Radiator & S S.	17¼	17⅛
140⅞	99¼	9 00	American Tel. & Tel	136½	136⅝
100¾	67	5 00	American Tobacco "B"	100	99½
27⅝	7¼	—	American Waterworks	16	15½
20⅛	8	—	Anaconda Copper	19¼	18⅝
73⅜	36⅝	2 00	Atchison, T. & S Fe	49	49
57⅝	15	—	Auburn	34⅝	33¼
24½	7⅝	—	Baltimore & Ohio	15⅝	15⅛
49¾	22½	—	Bethlehem Steel	37⅝	36⅝
15⅝	6½	—	Boeing Airplane Co,	15⅝	14⅝
49⅝	16⅛	1 50	Borg Warner	48⅞	48
18¼	9¾	—	Canadian Pacific Railway	10⅛	10
88⅝	35	—	Case, J. I.	72¼	71½
54⅞	23	1.00	Caterpillar Tr.	53	52⅝
40⅜	15⅞	1 40	Chase National Bank	34⅜	32⅝
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62	29¼	1 00	Chrysler	61½	60½
19¼	3¾	—	Columbia Gas & Electric	12⅝	11⅝
36⅝	15¾	0.60	Coml. Solvents	19	18⅜
3¾	0⅝	—	Commonwealth & Southern (ord.)	1⅞	2
47⅝	16¼	1.00	Consolidated Gas of N. Y	28½	27¼
14¼	6½	0 25	Consolidated Oil	9	8⅞
28	15½	0 25	Contin ntal Oil	21⅝	21
84½	55⅛	3 00	Corn Products	66	65⅝
31⅜	14½	0 75	Douglas Aircraft	31⅝	30⅞
120¼	80	3 60	Du Pont de Nemours	118	117
23½	3¾	—	Electric Bond & Share	13⅞	12⅞
17⅝	8¼	—	Fox Film "A"	16⅝	17
32⅜	16⅞	0 60	General Electric	31⅛	30⅞
37½	28	1.20	General Foods	34½	34½
45⅝	24⅝	2.00	General Motors	42⅜	42½
45¾	13¾	1 00	General Railway Signal	31½	31⅝
23	14½	1 20	Gold Dust	16	15⅝
41⅝	16	—	Goodyear Tire & Rubber	19⅝	19¼
60⅝	33¼	1,00	Humble Oil	57	56⅝
29¼	21	0 80	International Nickel	29⅛	29
17⅝	5⅝	—	International Tel & Tel	10½	10¼
66⅞	39	0.25	Johns Manville	66½	65
24	14	0.60	Kennecott	23⅝	23½
43⅞	20⅜	2 00	Loew's Inc	41⅝	41⅜
25	15⅝	1 20	Lorillard	24⅝	24¼
77	39	1.00	Monsanto Chemical	72	71
36⅜	20	—	Montgomery Ward	34⅜	33⅝
48	16⅞	1 00	National City Bank	32⅛	30⅛
18⅝	13	1 20	National Dairy Prods.	15⅞	15⅝
31⅝	16	2.00	National Distillers	29⅝	28⅛
15½	5	0 80	National Power & Lt	11½	11
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17	1⅝	—	Standard Gas & Electric	6⅜	6⅛
50⅛	35⅝	1 00	Standard Oil Co of N J	45½	45⅜
67⅛	47¼	3 80	Sterling Products	64⅛	64
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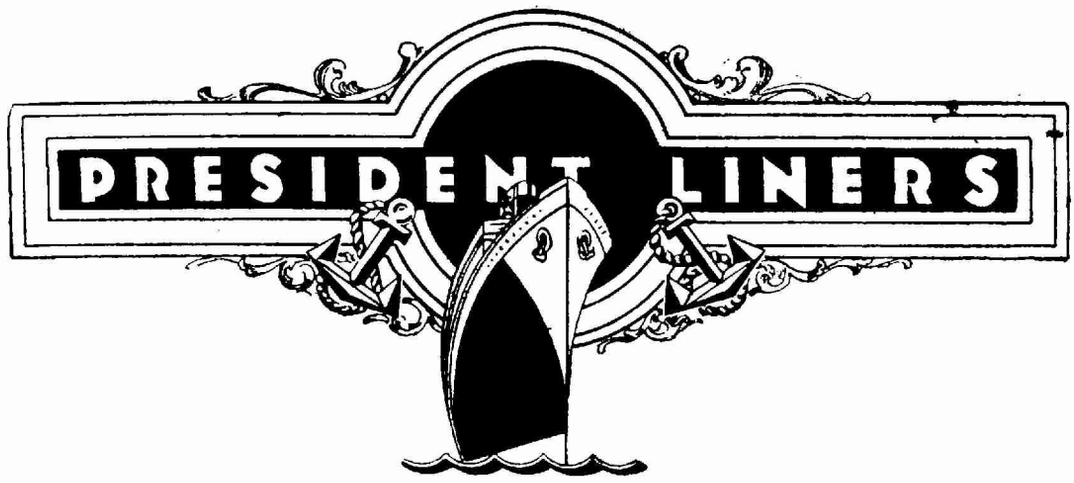

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The China Weekly REVIEW

Formerly Millard's Review

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THE CHINA WEEKLY REVIEW

Formerly Millard's Review

Cable Address "REVIEWING SHANGHAI"

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CONTRIBUTING EDITORS

C. Y. W. MENG — S. Y. LEUNG

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YEARLY SUBSCRIPTION, FIFTY-TWO ISSUES, TWELVE DOLLARS (CHINESE CURRENCY) IN ADVANCE. POSTAGE INCLUDED IN CHINA AND JAPAN. IN THE UNITED STATES AND FOREIGN COUNTRIES EIGHT DOLLARS U. S. CURRENCY. REMITTANCE FROM OTHER COUNTRIES THAN CHINA AND THE U. S. CAN MADE BY INTERNATIONAL MONEY ORDER. ENTERED AS SECOND-CLASS MATTER IN THE CHINESE POST OFFICE AT SHANGHAI IN MAY 1917.

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JAPAN BARS BOOKS, PAPERS AND TWO JOURNALISTS

THE August 12 issue of the well-known American magazine *Time* contained considerable information about Japan which had not seen the light of day in the Far Eastern Press. First in interest was the fact that the Imperial Government had banned three recent books on Japan written by American citizens. The books were regarded as "detrimental to public peace" according to the Tokyo police censors. The books were:

1.—"Challenge—Behind the Face of Japan," by Upton Close (Farrar and Rinehart, publishers, N.Y.)

2.—"Far Eastern Front," by Edgar Snow, (Smith and Haas publishers, N. Y.)

3.—"Japan in Crisis," by Dr. Harry Emerson Wildes, (MacMillan publisher, N.Y.)

Of the three authors, Snow and Close are well-known in China through long residence here. In addition to barring Close's book the Japanese Foreign Office also refused recently to give Mr. Close a vise to travel in Japan or Manchukuo. But with respect to Mr. Snow, the Japanese, while barring his book from sale in Japan they did, however, recently grant Mr. Snow a vise to spend considerable time in Dairen, the Japanese port on the southern tip of the Kwantung leased territory of South Manchuria.

In addition to the foregoing the Japanese also announced last week that they had refused a permit to travel in Manchuria to Harold J. Timperley, correspondent for the *Manchester Guardian* stationed in Peiping. Mr. Timperley recently wrote a series of articles on Japanese and Manchukuo opium and dope smuggling activities in the Demilitarized Zone of North China which was published in *The Guardian* and also in *Asia* magazine in New York.

Aside from the disclousres about the banning of books the August 12 issue of *Time* also reprinted the now famous cartoon by Artist William Gropper which appeared in *Vainty Fair* magazine, N.Y., showing the Imperial Japanese Emperor—which was the subject of an official protest to the U. S. State Department. The Shanghai *Evening Post* on Sept. 3 printed a report stating that the Japanese in Shanghai were "aroused" at

the reproduction of the cartoon in *Time* and had forbidden Chinese papers to reproduce it.

According to *Time's* political summary of events in Japan for the week it was stated that the recent appointment of Yosuke Matsuoka as head of the South Manchuria Railway and also head of all the other railways of Manchukuo, overshadowed all else because it indicated Japan's intention to inaugurate a policy of expansion in North China similar to the exploitation of India by the British India Company a century ago. Matsuoka was described as Japan's "arch-Fascist" in the *Time* review. He was quoted as declaring, "I have assumed the presidency of the S. M. R. with the firm determination to become active on the Asiatic Mainland—Japan is going to start operations in North China—The arrow has left the bow—The progress of these operations will decide the destiny of the Japanese race and its rise or fall in the world—To carry through these operations a domestic renovation is inevitable, which is why I am a champion of Showa!"

SMEDLEY-BURTON CONTROVERSY AND "THE REVIEW"

THE "*Review*" seems to have come out somewhat in the unenviable position of the innocent bystander with respect to the controvesy between Agnes Smedley and Wilbur Burton. Despite the publication of several columns we still are in the dark as to the real cause of their quarrel, but it seems to have ended up with both attacking "*The Review.*" However, the controversy has been enlightening in many respects, as our readers doubtlessly have discovered.

As to the figures in the controversy, both Burton and Smedley are contributors to magazines and newspapers in the U.S.A., Burton's writings appearing in the *Baltimore Sun*, *Asia*, and *Current History* while Miss Smedley writes for *New Republic*, *The Nation* and other journals, some ranging from radical, to pink and even red. When Miss Smedley first came to China as the defender of the downtrodden British Indians, *The Review* frequently defended her against the attacks of British die-hards and others who tried to have her writings suppressed, a circumstance which Miss Smedley seems to have completely forgotten, for she now accuses *The Review* of being an "imperialist and reactionary journal which supports the counter-revolutionary policy of the Nanking Government." In last week's issue there appeared on Page 488 several paragraphs from a long communication from Miss Smedley in which she defended herself against numerous alleged or imagined enemies, including *The Review*. We did not publish her communication in full because of lack of space and also because several long extracts from her books were not relevant to the subject, her quarrel with Mr. Burton over a review of Miss Smedley's book which he contributed to these columns on August 3. Miss Smedley also alleged that Mr. Burton had referred to her writings in previous articles which he had contributed to these columns. Whether this was correct we do not know but with reference to the charges about "Stalinites" and "Trotskyites" which have appeared in their communication, it should be explained that Mr. Burton in 1926 or 1927 was connected with newspapers published in Peiping and Hankow, by the Chinese Nationalists when the said Nationalists were in alliance with Moscow—and Moscow at that times was a "Trotzky" Moscow. After the collapse of the Hankow administration, Mr. Burton returned to U.S.A. where he engaged in newspaper work, later returning to China where he has since resided.

Obviously *The Review* has no desire to take sides in the Smedley-Burton quarrel; hence with the publication of Burton's reply to Smedley's last letter, we are concluding the dispute, or at least the use of our columns as a convenient vehicle for their charges and counter-charges about Stalinites and Trotskyites, the real inwardness of which is beyond our knowledge. Mr. Burton's letter follows:

The Editor, *The China Weekly Review* :—

The bulk of the letter from Miss Agnes Smedley about me in your issue of August 31 does not interest me except from a psychological viewpoint, but I do wish to reply to three specific charges she makes against me.

First, evidently following out a theory that all persons must be neatly labled as imperialists, Trotskyists, etc., she asserts that I am the "co-worker and colleague" of "a small gang of foreign Trotskyists." As a matter of record, I am in no sense a "co-worker" or a "colleague" of any Trotskyists here or elsewhere, and they would be the first to disavow me as their spokesman even though they probably have (like Miss Smedley herself) sometimes agreed with some of the things I have written. It is certainly true that as *between* the Stalinists and the Trotskyists, my sympathies are largely with the latter because I regard them as intelligent and sincere revolutionaries; whereas I can't regard the Stalinists as revolutionaries at all, and while they may be *either* intelligent *or* sincere, they certainly cannot be both—but as a matter of record, I disagree with many of the main contentions of both groups.

Secondly, Miss Smedley charges that I "distorted" a quotation from her autobiographical book, "Daughter of Earth," in my review of it in these columns on August 3. The "distortion," it is alleged, consisted in leaving out the italicized sentence in the following quotation: "It has been one of the greatest struggles of my life to learn to tell the truth. To tell something not quite true became almost an instinct. *In pain and tears I have had to unlearn all my mother beat into my unformed mind.*" If anyone will read the entire passage from which this is taken (on Page 5 of the book), it will be perfecty obvious that the sentence above italicized clearly refers to the varlous things her mother taught her which, in later life, she found uinacceptable. And if one were to weigh it in specific reference to her capacity to tell the truth, it would have be taken in connection with the statement that her mother used to beat her for *not* telling the truth. Thus, summarized, it would mean that her mother beat her for not telling the truth and in pain and tears she had to unlearn all her mother beat into her unformed mind. So where is the "distortion?"

Thirdly, Miss Smedley states that "not one" of her "attackers" —evidently including me—"has had the honesty to quote" her books on China. Well, I have often quoted her books on China, and in connection with the discussion that has raged in consequence of my review of her "Daughter of Earth," I have cited two of her most outstandingly utterly untrue allegations about this country. One is her patently ridiculous statement that the British once gave General Liu Hsiang of Szechuen £50,000,000—a sum approximately equal to the total annual budget of the National Government of China. Another is her unequivocal statement that 300 American and Canadian aviators have participated in the warfare against the Red Armies in China—while I know from extensive personal investigation into this particular phase of Chinese affairs, that no more than 20 Americans (and few if any Canadians) have ever been connected in any way at any one time with the Nanking air forces, and there is not an iota of valid evidence that any of them has ever engaged in actual bombing of the Red forces.

In conclusion, I wish to take brief note of your obviously purposeful headline over Miss Smedley's letter: "When the Radicals Quarrel." I consider this implication that I belong to the same general group as Miss Smedley to be grossly libelous. If, of course, the word "radical" is taken in the sense connoted by the Latin *radix* (root) from which it is derived, I could accept the designation as a compliment, for it would mean one who studied and or acted on the basis of fundamentals—but by this definition, I deny that Miss Smedley is a radical, for the fundamental of fundamentals is the cold, hard truth regardless of what it proves or disproves.

September 1, 1935. WILBUR BURTON.

The Tangku Truce and Japan's Pressure for an Alliance Against the Reds

THE Japanese military authorities at Tokyo announced definitely on September 1 that they would not consent to a revision of the Tangku Truce which was signed by the Sino-Japanese military commanders in North China on May 31, 1933. The Truce ended the hostilities between the contending armies which had been in progress for a considerable period in the vicinity of the Great Wall. China signed the Truce in order to save Peiping and Tientsin from a threatened occupation by the Japanese forces.

But it was a heavy price to pay because the Tangku Truce, the terms of which never have been officially anounced by either party, has served as a cloak for Japanese aggression which has continued unabated since. Japan has not physically occupied either Peiping or Tientsin, but the Imperial Japanese Army controls both cities nevertheless. In a *Rengo* report from Tokyo published in the Shanghai papers on Sept. 2 the Japanese military authorities declared their opposition to any Chinese proposal to substitute the Truce with a "Political Pact." The Chinese apparently had suggested that their abolition of the Peiping Political Committee (a recent Japanese demand) should be followed by the negotiation of a Political Pact because the Peiping Political Committee was a party to the Tangku Truce. The Japanese warlords declared however, that order has not yet been fully re-established in North China, that there are frequent bandit outbreaks, and, furthermore the Chinese "still lack sincerity in their dealings with Japan with respect to through railway, mail and air-traffic with Manchukuo."

The Japanese militarists said nothing about China's recognition of the puppet state of Manchukuo, but this also constitutes a live diplomatic subject at the present time according to current reports in the Japanese newspapers.

A few weeks ago a writer in *The Review* suggested that the Japanese had included in the Tangku Truce all of the Twenty-one Demands which Japan had been compelled to withdraw due to the Powers' opposition in 1915, and in addition had included everything else which the Japanese army officers had wanted in China since 1915. This statement in *The Review* brought a denial from a spokesman of the National Executive Yuan at Nanking who claimed that the Tangku Truce was only concerned with the disposition of the respective troops and the creation of the so-called Demilitarized Zone which embraces all of Hopei Province between Peiping-Tientsin and the Great Wall and which recently was extended northward into Chahar. The demilitarized area, which the Chinese still call the "war zone' is a sort of no-man's-land which serves as a base for Japanese instigated banditry and the extension of the Manchukuo opium monopoly's dope traffic into North China. But regardless of what the Tankuo Truce actually contains, the Japanese military authorities definitely intend to keep it in force and put their own interpretation on it.

The most illuminating expose of what the Japanese have accomplished for themselves in North China was written by Dr. C. C. Wang for the London *Asiatic Review* and reprinted in *The China Press* on Aug. 30. With reference to Japan's demands, Dr. Wang declared:

> "Fourteen demands were presented on May 30; another six were delivered on June 9. Among other things these demands included the dismissal of the governor of Hopei Province and the withdrawal of the troops under his command as well as the troops of the Central Government. For three consecutive days several hundred Japanese soldiers, with tanks, armored cars, and trench mortars, demonstrated outside the governor's office and fired several blank shots with mortar guns.
>
> Another important demand was the suppression of the Kuomintang—the party which has for the last fifteen years been the basis of the whole Chinese Government system, like the Fascist party in Italy or the Nazi party in Germany. The Japanese argument, as given by General Isogai, Japanese military attache at Peiping, is that a single party system is not suitable for China. The Kuomintang, the general argues, as is reported in the press, is Nationalist; therefore it is anti-Japanese; therefore it must be suppressed.
>
> "At the same time a Japanese major flew to the headquarters of the leading Mongol-prince of Inner Mongolia and demanded, among other things, the right to establish an airdrome, a wireless station, as well as the removal of the Prince's headquarters and the political Council to a place designated by the Japanese Army.
>
> "As soon as these demands concerning Hopei Province had been complied with, new demands were put forth, this time by Colonel Takahasi, assistant military attache at Peiping, insisting upon China's compliance with all the demands not only in fact but by writing. This final demand drove away General Ho Ying-chin, acting chairman of the Political Council at Peiping.
>
> "While the atmosphere was thus charged with tension, fresh demands were made by the Kwantung Army in Jehol against Chahar Province. In view of the dangerous situation inside the Great Wall, the Chahar question, according to the London *Times* report from Tokyo of June 16, was settled by Governor Sung Che-yuan's unconditional acceptance of Japan's demands to punish the officials responsible for the incarceration of four Japanese on June 6, to suppress anti-Japanese movements, and to give guarantees for the future control of anti-Japanese elements. Bet no sooner had Governor Sung accepted these demands than the Japanese Army put forth new and more serious demands, this time including the removal of the Governor himself as well as that of his troops as a punishment for Governor Sung's slowness in meteing out the punishments. For several days this demand appeared to be too much for the Chinese Government, but finally Nanking had to give in.
>
> "Thus within a fortnight the Japanese Army accomplished by demands and threats the phenomenal feat of dismissing all the important officials, including the governors, of two provinces with an area about twice the size of England, Scotland, and Wales, and a population of about 40,000,000, the removal of the provincial and Central Chinese Government troops from the two provinces, the extension of the demilitarized area, the abolition of the Kuomintang, and the right to construct airdromes and wireless stations at several strategic points."

In the recent Japanese military adventures in the Peiping-Tientsin area Japanese officers also have revived the draconic provisions of the Boxer

Protocol and the treaties enforced by the Allied Commanders in 1900 upon the defeated Chinese forces. Some of these provisions recently actually put in force in both Peiping and Tientsin included the arrest, incarceration and punishment of Chinese officials by officers of the Japanese army. However, no extended explanation of what Japan has done in North China is necessary. It is sufficient to state that the Imperial Japanese Army, or at least the Kwantung branch of the Army which controls Manchuria, has asserted its sovereignty over five provinces of North China, including Hopei, Chahar, Shansi, Suiyuan and Shantung. It also is significant to note in this connection that this has been accomplished without the firing of a single shot or the loss of a single soldier by the Japanese military forces.

Aside from these recent developments in North China which were concerned with the undisclosed provisions of the Tangku Truce, the other recent development was concerned with Japan's pressure for an alliance with China or at least North China against the Reds. Parctically nothing has appeared in the Chinese papers on the subject but Japan's demands in this connection fit in with her policy under the Tangku Truce because one of Japan's primary objectives in North China is the creation of a base for military action against the Soviet Union in Mongolia and Central Asia.

The *Miyako Shimbun* (Tokyo) declared on Aug. 24 that the resumption of office by Wang Ching-wei and the return of the Chinese Ambassador Gen. Chang Tso-ping to Tokyo would be followed by three definite proposals on the part of Koki Hirota, Japanese Foreign Minister. The first two included China's recognition of Manchukuo and agreement to cooperate with Japan. The third, and obviously most important was put in the following words by the editor of the *Miyako*:

> "One of the reasons why co-operation with Manchukuo and Japan is so necessary for China is that without the aid of these countries to defend the nation from, and clear the country of the bolshevizing influence in Sinkiang and Mongolia, maintenance of peace in the Far East cannot be hoped for. A joint line of battle must be pitched among China, Manchufiuo and Japan against the fast spreading arms of the Reds which are coming from Inner Mongolia and threatening to overwhelm Peiping and Tientsin, and thus the relations between Japan, Manchukuo and China should be made intimate."

Thus is explained in brief the real objective of Japan's next move in North China which has as its purpose the "deliverance" of Outer-Mongolia and Sinkiang province from red influence. A dispatch through *United Press* from Tokyo on Sept. 1, quoted further from the *Miyako* to the general effect that recent developments in Moscow, (concerning the recent meeting of the Comintern)

From the Washington (D. C.) Times

made it necessary for other nations "to show a common front against the Soviets."

Major-Gen. Hayao Tada, new commander of the Japanese garrison forces in North China, declared upon his arrival at his headquarters in Tientsin on Aug. 19 that the sovietization of China's border regions "was an obstacle to Sino-Japanese cooperation; therefore all communistic activities in China should be prevented through concerted effert on the part of the two countries." In conclusion Gen. Tada declared that communism "was contrary to the traditional thought of the Orient."

The Shanghai *Nichi-Nichi Shimbun* at about the same time declared that Gen. Fu Tso-yi, Chairman of Suiyuan province had agreed to the Japanese Army's demand for the establishment of a "special service unit" in the provincial capital, Kweisui. Presiously for several days the Japanese newspapers had been charging that Gen. Fu Tso-yi was "anti-Japanese." The an-

nounced Japanese object in establishing a base in Suiyuan on the Peiping-Suiyuan railway was to combat the "red" movement in that part of the country. It was claimed that Lt.-Col. Tan Takahashi, Military Attache at Peiping had recently visited Gen. Fu and arranged for the establishment of the special service unit at Kweisui.

A few days previously, or on Aug. 7 the *Asahi Shimbun* (Tokyo) published a report from Peiping alleging that an agreement had been made between Col. Takahashi and Gen. Yen Hsi-shan, head of Shansi province for military cooperation "to prevent all North China from turning red." Gen. Yen was quoted as declaring that the interests of Shansi province and Japan in North China "are identical," and that while Gen. Yen had previously been giving too much consideration to the wishes of the Nanking Government, he had now changed his views and was giving serious consideration to the Japanese proposals for cooperation against the reds and the creation of a "Five-Province Bloc" in North China. The Japanese correspondent claimed that Gen. Yen had definitely agreed to accept Japanese military "cooperation" in preventing the bolshevization of the Ninghsia-Suiyuan area, but eventually the cooperation would extend throughout North China.

Considerable mystery surrounds the recent moves of the red gangs which Gen. Chiang Kai-shek has been fighting in Szechuen province, but the Japanese have been circulating alarming reports of Gen. Chiang's reverses and even circulated a report last week that he was being detained at Chengtu by the Szechuen provincial authorities. The Japanese have made much of the reported escape of the red gangs from Szechuen into the northwestern provinces, Shensi, Shansi and Kansu. That some of the red bandits have escaped into Shensi and Kansu has been confirmed by reports from foreign missionary sources. A report from a correspondent in Chengtu which appeared in the *North-China Daily News* on Sept. 2 stated however, that the red forces now controlled by the two outstanding red leaders Chu Teh and Mao Tse-tung had been reduced to a about 10,000 of which 8,000 or 9,000 are armed. Another force under Ho Lung which has been operating in the mountains of northern Hunan, has not been able to cross the Yangtsze, hence the so-called communist menace in the northwestern provinces apparently does not amount to much except as ammunition for the Japanese military propagandists who desire to use it for further aggression in Mongolia and Central Asia.

Most foreigners who have investigated the red situation in that area are of opinion that the Mohammedans who are powerful in this section will be able to handle the reds as they have other hostile Chinese forces which have invaded their "sphere."

Practically nothing pertaining to Japan's pressure for an alliance with China for cooperative action against the reds has appeared in the Chinese newspapers due to the censorship. But the *Kung Shan Jih-Pao*, leading Chinese paper in the British colony of Hongkong published a report on Aug. 21 which stated:

"Japan has long endeavored go get her hands on Outer-Mongolia, but because of the effective resistance of the Soviet Government, Japan has thus far failed. Therefore the proposed cooperation with Gen. Yen Hsi-shan can mean only one thing—Japan is preparing to create a base in Suiyuan and Ninghsia in order to pave the way for a future attack on Mongolia, following her occupation of the whole of North China. By that time the Japanese forces in Jehol will be able to maintain close connection with the Japanese forces in North China.

"The alleged agreement with General Yen Hsi-shan and Fu Tso-yi is only a form of Japanese propaganda, but there is a serious menace behind it as all Chinese must realize. Recently the Japanese also have been fabricating reports that the Kuomintang is still active in the North, the motives behind these reports also being apparent. It is clear that the Japanese are now preparing the stage for a further advance of their Kwantung Troops into Suiyuan and Ninghsia. This is being done for the alleged purpose of 'blocking' the red advance from Central and West China. But behind it all is a far-reaching scheme to block China's plans for developing her Northwestern provinces and on the other hand to link them up with the puppet state of Manchukuo or possibly a much more ambitious scheme of Manchu restoration in Peiping."

While the Japanese plan for "cooperation" is announcedly designed to combat Red influence in China's outlying territories, its ultimate objective is a drive against the Soviet Union in Central Asia and the elimination of Russian influence in these regions.

Tokyo Military Circles Foresee Clash With Canton

Winding up his operations against the Communists, as soon as these flee Szechuen into Kansu, Gen Chiang Kai-shek, chairman of the Military Affairs Commission, is credited by Japanese military observers to be planning to bring China's southwest under his control This attempt, which would involve a military campaign, may easily cause the Southwestern faction to declare its complete independence from Nanking, in their opinion—according to a *Rengo* message from Tokyo Sept. 2 The comment was elicited, as intelligence reports reaching Tokyo indicated that no measures are being taken by the Central troops to prevent the combined "Red" forces under Hsu Chiang-chien, Chu Teh and Mao Tse-tung, now numbering approximately 80,000 men, from converging upon Kansu.

"As a matter of fact," one military expert on China declared, the Red flight into Kansu is being apparently promoted by the Central troops, which have changed their positions to make this movement easier Once the Communists are there, Gen. Chiang will very probably announce the end of his anti-Red campaign declaring that the continuation of such efforts in the barren areas of Kansu would be suicidal."

Gen. Chiang will then turn his attention to the Southwest which, at present, remains the only large area where Nanking's influence does not extend, these observers believe.

With Szechuen and Kweichow firmly within his grip and 600,00 men under his command instead of the 130,000 with which he started, Gen Chiang seemingly feels confident that he can now tackle the Kwantung and Kwansi militarists, Tokyo experts opine. The Generalissimo's success in bringing Yunnan, where he had to contend with powerful British, French and American interests, within his sphere of influence is also held by them as significant.

The breaking up of the Southwestern faction if successfully carried out will bring to a virtual conclusion Gen. Chiang's self-imposed task of unifying China under Nanking's aegis, the Japanese observers declared.

Trying to Keep U. S. Out of a Far Eastern War

IN the 18 months' period ending June 20, 1935 the Americans killed 51,200 and wounded 1,304,000 of their people in automobile accidents. In view of this horrible record of peacetime slaughter of citizens—men, women and children—one wonders why the American people seem to be so set against engaging in another war. Although difficult to believe, the civilian casualties in the 18 months' period mentioned, from auto accidents, considerably exceeded the American casualties in the 18 months of U. S. participation in the World War, the war figures being: killed 50,310, wounded 182,674.

After all, being killed or wounded in a war is not so bad when compared with automobile slaughter. In war one has the benefit of the best of medical and hospital facilities and in case of wounds there is the pension and in case of death there is the liberal government insurance policy for dependents. Then there is the matter of honor in being killed or wounded in a war, whereas what honor is there in plunging over a cliff in a motor car or smashing one's head against a tree or stone wall?

These thoughts were inspired by reports in the papers recently about congressional action designed to keep America out of the forth-coming European war. Congress apparently did everything possible to assure America's remaining neutral in the next conflict. American citizens are prohibited from travelling in dangerous zones or on ships of the belligerents and they also are prohibited from engaging in trade in such manner as to involve their country in war. Then even before the President had signed the Neutrality Bill there came the news that King Haile Silassie had granted to a group of Americans an important concession for mining, oil exploration and reclamation projects in Abyssinian territory, and apparently in territory which Mussolini had marked out for conquest. The whole thing sounded like a gigantic joke and such it probably will be, this attempt of the U. S. to remain neutral by statute.

There is, of course, a logical explanation for this serious attempt to keep America out of the next war. Recently the Americans have spent considerable time studying and analyzing why they got into the last war and what they got out of it. As a result they have reached the conclusion that about all the Americans did was to help one group of traditional enemies defeat another group and in addition the Americans, in effect, financed both sides and are still holding the bag for their money. In addition America's participation in the struggle enabled some favored Americans to become very rich in the munitions and allied trades, in banking and some other lines—and thereby laid the foundation for the devastating economic depression which has nearly engulfed the country since.

The recent congressional action designed to preserve American neutrality was precipitated by the war scare in Europe caused by Mussolini's pending adventure into Abyssinia. The Americans, generally, when they think about war, have their eyes fixed on Europe. Aside from a comparatively small number, and most of them on the Pacific coast, there is no general realization that America's real war danger is in the Pacific area rather than in Europe. So long as the Europeans refuse to pay their debts for the last war it will be extremely difficult to get many American citizens interested in participating in another European struggle. But the situation in the Far East is an entirely different proposition for American interests, actual and potential, are menaced by the imperialist expansion of Japan. The Japanese war party, now in almost dictatorial control of the Japanese Government is out, not only to drive American commerce from Asia and the Pacific, but is striving to develop military power based on the resources and man-power of China—which would enable imperial Japan to rule the world.

The fact that Americans generally are oblivious of the actual war menace in the Pacific makes the danger all the greater because it leaves the field open for all sorts of groups and factions who have their own ideas and motives for dragging America in or keeping America out as the case may be.

Last week there was a visitor in Shanghai from the United States, Dr. E. Guy Talbott, who is devoting himself to the laudable mission of keeping America out of war—particularly a war in the Far East with Japan. Dr. Talbott makes his headquarters in San Francisco at No. 68 Post Street where he directs the activities of a so-called "National Council for Prevention of War." According to Dr. Talbott there is shortly to be held in U.S.A. a great conference of religious and semi-religious organizations which are opposed to America's participating in another war. These organizations, it seems, are directing their attention especially toward the Far East, Japan in particular. Two resolutions are to be debated

1.—Should America recognize Manchukuo?

2.—Should America recognize and accede to Japan's demand for Naval Parity?

If our information is correct, that these resolutions are to constitute the chief subject of discussion at Dr. Talbott's conference, we are almost led to suspect that the forthcoming conference is being financed from some of Imperial Japan's numerous secret funds for the "promotion" of Japanese culture about the world. Nothing could be of greater help to Japan's program in Asia than the adoption of such resolutions by some important American organization. Such an action would be of the greatest possible assistance to the Japanese military party and probably would help that reactionary group to consolidate its position permanently in the Japanese political set-up. Also it would encourage the Japanese war lords to go ahead with their conquest of China and even might encourage them to launch a drive against the Russians in Siberia.

Then, finally, and this is of greatest importance—the passage of these resolutions might

bring peace between U.S.A. and Japan—for a short time—possibly through another Roosevelt administration. But after that the Deluge!

It is difficult to imagine the Americans completely reversing themselves on their Far Eastern principles so quickly after the failure of the Washington Conference peace program of 1922. Perhaps it is due to disillusionment and disappointment at the failure of other nations to accept the American peace program. But it should be obvious to thinking Americans that nothing could better bolster up the prestige of Japan's mediaeval-minded war. lords than a wholesale American agreement to the Japanese program for the domination of Asia. Such an action as envisaged in the proposed resolutions to recognize Manchukuo and the Japanese demand for naval parity would not only mean the sacrifice of American ideals and principles developed over a long period of years, but would at the same time hasten the day for a final reckoning with the Japanese war clique. It is difficult to figure out any scheme whereby the U.S.A. and Imperial Japan can compose their differences peacefully except on the basis of the Washington Conference treaties which created the machinery for peaceful discussion and compromise. If that machinery is permanently scrapped there is nothing left except a reversion to primitive force—in which direction both nations seem to be drifting at the present time. Any scheme based on a recognition of Japan's theft of Chinese territories since 1931 could do naught but make the situation unquestionably worse. It would simply hasten the day when Japan would demand the dismantling of fortifications at Hawaii and Panama Canal and the wholesale opening up of the Pacific coast to Japanese immigration.

Gen. Chiang Says China and Japan Should Meet as Equals; Peiping Political Council Abolished

HIGH LIGHTS IN THE EVENTS OF THE WEEK:

1. **Nanking Orders Abolition of Peiping Political Council.**
2. **Gen. Sung Chih-yuan Named Garrison Commander of Peiping-Tientsin Area.**
3. **China and Japan Should Meet on Equal Footing, Declares Gen. Chiang.**
4. **Gen. Chiang Tso-pin Says China's Japan Policy Unchanged.**
5. **T. T. Li Declares China Will Not Recognize Manchukuo.**
6. **Japanese Renew Demand for Suppression of Secret Organs in North.**
7. **Kuomintang Offices in Suiyuan Province to Be Closed.**
8. **Important Red Stronghold in Northwest Szechuan Recovered.**
9. **Changteh in North Hunan in Danger of Red Attack.**

The Central Authorities have decided upon the abolition of the Peiping Political Affairs Readjustment Committee, generally referred to in the press as the Peiping Political Council, from the end of August.

The reasons given for this action are:—

1—Political conditions in North China are less complicated than three years ago when the Council was created, and there is no longer any call for the maintenance of the special administrative department.

2—The abolition of the council is in accordance with the government's retrenchment policy

It is understood that the decision was reached following the recent visits to Nanking of General Huan Fu, Chairman of the Peiping Political Council and Wang Keh-min, the acting-Chairman, and was approved by the Central Authorities Aug. 28.

The Peiping Political Council, having wound up its Affairs on Aug. 31, announced the suspension of its functions on Sept 1 With the exception of a few members of the staff temporarily retained to attend to the archives, the rest have been discharged.

In an interview with press representatives at Peiping on Aug 30, Wang Keh-min said that the Cultural Readjustment Commission of the Peiping Municipality affiliated with the Council will continue to exist and will not be affected by the abolition of the council However, the North China Reconstruction Planning Commission will be abolished simultaneously with the Council, he said.

Mr Wang, it is reported, will be transferred to another important post very soon, but rumors that Col Yuan Liang, Mayor of Peiping, will be appointed vice-Minister of Interior while Mr Wang will succeed him as the new Mayor could not be confirmed in Peiping.

NEW ECONOMIC BODY IN NORTH CHINA TO BE FORMED

According to a *Reuter* report, Wang Keh-min recently convened a meeting at the Peiping Bankers' Guild in connection with the organization of the North China Economic Association Among those reportedly present were Chow Tso-min, chairman of the Bankers' Guild, and Chow Chien-sun, chairman of the Peiping Chamber of Commerce, and a Japanese. A standing committee of three, consisting of two Chinese and one Japanese, was appointed, this committee to be held responsible for the establishment of the North China Economic Association It is stated that the capital of the Association will be two million dollars, jointly invested by Chinese and Japanese interests, for the purpose of developing the natural resources of North China

Rumors to the effect that the North China Economic Association now being organized by Chinese financial leaders in Peiping and Tientsin was designed to balk Japanese projects for the development of that region were emphatically denied by Wang Keh-min, in an interview Aug. 31 with Kaname Wakasugi, Counsellor of the Japanese Embassy at Peiping. "The projected body is being formed to co-operate with Japanese interests, not to fight them," Mr Wang was quoted by Mr. Wakasugi as saying.

Anti-foreign tendencies should not prevail in the native organization for the economic development of North China, the Japanese Army believes. "Should such a body be formed with an anti-alien motive," a spokesman for the Tokyo War Office said Sept. 2, "it would unnecessarily sow the seeds of future discord in North China and thwart all attempts at the economic development of the region, where a peaceful atmosphere is now being slowly engendered."

Referring to the abolition of the Peiping Political Readjustment Commission, carried out by the Nanking Government, the spokesman said that the action was without particular significance because that body had already been shorn of its real power in the recent "liquidation" of

anti-Japanese political forces in North China. "We desire the creation of a new institution that will not be hampered by the double-faced policy vis-a-vis Japan followed by the Nanking authorities," he said. He added that the Japanese Army would be "unable to tolerate" any new organ that would follow in the footsteps of the defunct body and pursue a "false policy of friendship towards Japan."

The development of Shantung by Japanese spinners into a vast cotton goods manufacturing zone rivalling Shanghai was forecast by the *Chugai Shogyo Shimbun*, leading commercial daily in Tokyo, on Sept. 2.

According to the newspaper, Japanese industrialists are paying particular attention to the development of the peninsula, which is held to have a great future as a cotton-growing region.

Significance is attached by the daily to an alleged order issued on Aug. 31 by General Han Fu-chu, Chairman of the Shantung Provincial Government, disbanding all Kuomintang organizations throughout the province, assertedly on "grounds of economy."

GEN. SUNG CHIH-YUAN NAMED PEIPING-TIENTSIN GARRISON COMMANDER

Gen. Sung Cheh-yuan, former Chairman of the Chahar Provincial Government, was appointed by the Nanking Government on Aug. 28 Garrison Commander of the Peiping-Tientsin Area.

Gen. Sung, who prominently figured in the recent North China controversy and whose differences with the Japanese military authorities contributed to his retirement from Chahar, succeeds Gen. Wang Shu-chang, who is to be appointed to head the Peiping Branch Military Council.

Chin Teh-chun, acting chairman of the Chahar Provincial Government, who played a prominent part in the settlement of the Chahar controversy, was appointed Chairman of the province. He will concurrently head the Civil Affairs Department.

Some important changes in the garrisons of Peiping and Tientsin are envisaged with the appointment of Gen. Sung as the new Garrison Commander. The powers of the Garrison Headquarters, according to *Central News*, will be considerably enlarged, and the Tientsin-Tangku Preservation Headquarters will be abolished, its function to be incorporated with those of the garrison heaquarters. A part of Gen. Sung's 29th Army now stationed in Chahar will be transferred to places in the Tientsin-Peiping area to take the place of the 52nd Army under Gen. Shang Chen. In future both Peiping and Tientsin will be garrisoned by Gen. Sung's 29th Army instead of Gen. Shang's 52nd Army.

CHINA AND JAPAN SHOULD MEET AS EQUALS, DECLARES GEN. CHIANG

"China and Japan are brother countries and they should co-operate on the basis of justice and friendship. The relations between the two countries cannot be placed on a sound basis unless they respect and rely upon each other."

This is the theme of an article written by Generalissimo Chiang Kai-shek which was published in the September issue of the *Economic Review*, a Japanese magazine.

The Generalissimo began his article by stressing the unification of China and the maintenance of friendly relations with foreign powers in general as the two outstanding tasks of China. "China is faced with an unprecedented economic crisis, and before China can overcome her present crisis," Generalissimo Chiang pointed out, "the peaceful unification of the country must first be attained."

Commenting on the maintenance of friendly relations with foreign powers, Generalissimo Chiang said that China's eagerness for assistance from the western powers in solving her economic difficulties should not be regarded as a measure for the boycott of Japan, nor should her endeavors to co-operate with Japan be considered as a desire to curtail her relations with western nations.

China's desire to co-operate with Japan, the article continues, has been marred by the September 18 Incident and subsequent incidents. While Japan will rule Manchuria in pursuance of her "continental policy," China is insisting that her territorial integrity be respected.

While every effort has since been made towards the amelioration of Sino-Japanese relations, the North China affair, it is cited in the article, occurred when it became again doubtful whether the time is mature for Sino-Japanese co-operation.

Generalissimo Chiang emphasized that the spirit of sincerity and justice should be upheld by both Japan and China in their attempt for a solution of all the outstanding issues and for bringing about a true Sino-Japanese rapprochement. For it is only on the basis of sincerity and justice, Generalissimo Chiang opined, that permanent peace can be established between the two countries.

"The foundation of the diplomatic policy of China lies in the word 'peace.' Peace is China's open policy towards all foreign countries. If Japan is desirous of sharing the responsibility with China for the maintenance of peace in the Far East, she should adopt a suitable policy towards China. Mutual agreement is necessary to achieve Sino-Japanese rapprochement.

"The friendly policy of China and Japan should be established on the fundamental principle of mutual equality and independence. China is an autonomous and independent nation and there is absolutely no possibility whatever of giving of our territorial and administrative rights. For the sake of maintaining peace in the Orient and out of consideration of Japan's interest, it is not impossible for China to make reasonable concessions, but there must be a limit to these concessions."

AMBASSADOR CHIANG SAYS CHINA'S JAPAN POLICY UNCHANGED

General Chiang Tso-pin, the Chinese Ambassador to Japan, returned to Tokyo Aug. 31. *Rengo* reports that General Chiang is avowedly prepared to "discuss anything of benefit to both our countries." He also disclosed that a Chinese economic mission of between 16 and 20 members would visit Japan this autumn. "There is nothing to fear about Sino-Japanese relations," Gen. Chiang asserted. "If there is to be a change in China's policy towards Japan as the result of Wang Ching-wei's continuation in office, it will have to be a turn for the better. Moreover, it has been agreed to uphold the policies of Gen. Chiang Kai-shek and Mr. Wang." The Ambassador declined to discuss the question of China's possible recognition of Manchukuo.

"I am more than ever convinced that we must proceed with sincerity and determination to create a better Sino-Japanese understanding," General Chiang continued. "I am convinced and prepared to discuss anything of benefit to both our countries." The envoy reiterated that there had been no change in General Chiang Kai-shek's Japan policy since it was announced in February.

"The only issues to be considered are the method, the time, and the process. But all this is going on smoothly.

Four basic instructions for the guidance of Gen. Chiang Tso-pin in his conduct of Sino-Japanese relations, which were said to have been given by Gen. Chiang Kai-shek, were published by the *Shanghai Mainichi* Aug. 31. The paper, said these instructions were:

1.—No consideration can be given to a plan of inviting Japanese advisers, or of recognizing Manchukuo, in view of resolutions made in Nanking.

2.—Propose Sino-Japanese economic co-operation, but carry on conversations on the basis of equality and obtaining mutual benefits.

3.—Gen. Chiang Kai-shek fully realizes that the die-hard element in Japan does not understand me. Please secure their understanding by frequently exchanging views.

4.—Wang Ching-wei's policies, having been drawn up after consultation with the Japanese diplomatic element, are more or less moderate.

Commenting editorially on these alleged instructions, the Shanghai *Mainichi Shimbun* on Sept. 3 stated:

"If General Chiang declares that Japan does not understand him fully, we must assert that Gen. Chiang does not understand the true position of China in the Far East and subsequently fails to realize Japan's real intentions. We can easily visualize what will happen if Gen. Chiang relies too heavily upon Britain and America and overestimates the real strength of China."

Citing the five basic points said to have been stressed by the Generalissimo, the newspaper remarks that "in spite

of Gen. Chiang's assertions on the need of Japanese friendship and better understanding, he has not indicated one single definite plan. We can only believe that all this is based on his desire to befog the issue and to ward off the sharp point of Japanese pressure,"

Stressing the need for real co-operation between Japan and China, the *Mainichi* expressed regret at the attempts at "false friendship embodied in the recent gestures towards Japan," which, it says, were adopted as temporary measures.

CHINA WILL NOT RECOGNIZE MANCHUKUO, DECLARES T. T. LI

All Sino-Japanese problems will be easily solved if the questions are tackled with both countries standing on an equal footing. This opinion was advanced on Sept. 2 by T. T. Li, director of the publicity and intelligence department of the Chinese Ministry of Foreign Affairs, who arrived at Kobe that morning from Shanghai, according to *Rengo*.

"The relations between our countries are gradually turning to the better, thanks to the efforts of Gen. Chiang Kai-shek and of Wang Ching-wei, but China has no intention whatever of recognizing 'Manchukuo,' " Mr. Li said.

"I believe that this question should be taken up after the problem of economic co-operation and other issues have been settled. At present, we have not even reached a definite policy regarding an economic understanding," he added. Mr. Li left Kobe by the night train for Tokyo.

Denying that his visit had any political or diplomatic significance upon his arrival at Tokyo Sept. 3, Mr. Li said he had come to study Japanese newspapers and news transmission facilities.

"This is my first trip to Japan," he told *Rengo* in an interview at the Imperial Hotel. "I intend to visit as many newspaper and news service offices as I can during my stay in Tokyo and discuss the state of Sino-Japanese relations as seen by those who mould Japanese public opinion." Mr. Li said he had no fixed schedule and that he would first call on Mr. Fiji Amau, director of the Gaimusho's Bureau of Information.

Payments to the Deposit Department of the Japanese Ministry of Finance on its share in the loans made to China by the East Asia Industrial Co. began on Sept. 2 at the rate of a new service arrangement. These amounts represent a ten-fold increase of what the Department has been receiving up to now. Under the reform plan, the Ministry will receive three per cent interest on the amounts which it lent the company for advance to the Chinese Government instead of the five and six per cent, rates agreed to originally. Involved in this arrangement are the Nanchang-Kiukiang Railway Loan, the Second Telegraph Loan and others, which total about Y.15,000,000.

JAPANESE RENEW DEMAND FOR SUPPRESSION OF ALLEGED SECRET ORGANS

S. Kawagoe, Japanese consul-general in Tientsin, despatched a note Sept. 2. to General Shang Chen, Chairman of Hopei, reiterating the demand, originally made on May, 31, for the suppression of secret and terrorist organizations in Hopei. The note declared that members of these bodies were still secretly engaged in all sorts of undersirable activities, which Mr. Kawagoe attributed entirely to the negligence of the Chinese authorities. Unless adequate and decisive measures were taken by the Chinese authorities to eradicate such activities, Mr. Kawagoe declared, it would be most difficult to restore the relations between China and Japan to normalcy. The note concluded with a strong request for efficient and appropriate measures.

RAILWAYS MINISTRY TAKES STEPS TO SETTLE TRAIN ROBBERY CASE

Two identical protests against the bandit raid on a through Peiping-Liaoning train on August 15 were handed on Aug. 28 by Shigeru Kawagoe, Japanese consul-general in Tientsin, to Yin Tung, director of the Railway, and Gen. Shang Chen, chairman of the Hopei, according to *Rengo*. The memoranda demanded Mr. Yin's apology for the incident, a guarantee against the recurrence of bandit attacks, the payment of solatia to the victims of the raid, and the payment of a compensation for the articles stolen by the outlaws.

Instructions from the Ministry of Railways have reached Tientsin in connection with the train robbery case. The Peiping-Liaoning Railway will reply to the Japanese protest, containing five demands, in accordance with Ministry instructions.

The reply also contains five points:

1.—The railway will be responsible for the medical expenses incurred by those injured during the incident;

2.—The Ministry will strengthen the railway guards on the trains;

3.—Better equipment for the railway guards will be issued;

4.—The installation of better alarm systems on the train will be carried out and

5.—All efforts will be made to apprehend the culprits.

Eleven persons were injured September 3 as the result of an explosion of cases of ether in the baggage-room of Tientsin East Station. Two of the casualties are in a serious condition. Ten wooden cases, containing ether in bottles, were brought to the station by a Japanese forwarding concern, which failed to declare the nature of the cargo asd contary to regulation, intended to dispatch it by passenger train. The explosion occurred as the consignment was placed on the scales, after which fire broke out which was finally brought under contral after an hour's work.

Through telephone service, now available between North China cities and Mukden, under the Tangku Truce Agreement, will be extended to Changchun and to Harbin beginning October 1, Col. Yoshiharu Takeshita, representative of the Special Service Division of the Kwantung Army in Shanhaikwan, announced at Tientsin Sept. 2.

Referring to the reported refusal of the Chinese authorities to accept telegrams in Japanese "kana" characters, Col. Takeshita said the attitude of the Chinese, who already accepted telegrams in Roman letters, was regrettable. In Japan, Chinese telegrams in numerals are accepted for the convenience of Chinese residents provided the address is given in either Romasized Japanese or in "kana," he added.

KUOMINTANG OFFICES IN SUIYUAN ORDERED TO BE CLOSED

The Executive and Supervisory Committees of the Suiyuan Provincial Kuomintang at Kweihua announced Aug. 29 that the affairs of the committees as well as those of the provincial municipal and district Kuomintang bureaus in Suiyuan are to be wound up immediately. The dissolution of Kuomintang organizations in North China was mentioned as one of the demands raised by Japan in connection with the settlement of the recent Sino-Japanese dispute arising out of the assassination of Colonel Liu Tso-chow.

JAPANESE SEIZE CHINESE MINE AT CHINWANGTAO

The protracted dispute over the ownership of the coal mines at Linyuhsien, northwest of Chinwangtao, has been terminated by Japanese occupation, according to a *Reuter* message Aug. 31. The concession originally was awarded the Liuchiang Company, a Chinese concern, many of the share-holders of which are residents of Shanghai. Later, a Sino-Japanese concern, known as the Taichi Company, was formed, and representatives of this company took possession of the Heishanyao mine on March 8, after which they sealed the storage yard of the Liuchiang Company at Chinwangtao and now finally seized the mines.

NORTHEASTERN REFUGEES BESIEGE PEIPING GOVERNMENT FOR RELIEF FUNDS

Several hundred refugees from the Northeast besieged the Peiping City Government building in the morning of Sept, 2, demanding reliel funds. The crowd demanded to interview Mayor Yuan Liang. The Mayor was entertaining thh Belgian Minister and could not respond. As the mob assumed unruly inclinations, a big squad of men had to be summoned from the Bureau of Public Safety and Peiping Garrison Headquarters to the scene to keep the refugees at bay. In view of the tense situation, Mayor Yuan rushed to the City Government building and subsequently received the delegates and proposed three measures as follows:—

1. That all refugees return to their native homes after being distributed the necessary repatriation fee;

2. That those who are not willing to return register with the City Government so that a congee distribution center may established for their accommodation; and

3. That a cable be sent to the Central Government by the City Government of Peiping asking that $10,000 be appropriated for the relief of the Northeastern refugees as a whole.

JAPANESE ALLEGE GENERAL CHIANG SOON TO BRING PRESSURE ON SOUTHWEST

Winding up his operations against the Communists, as soon as these flee from Szechuan into Kansu, General Chiang Kai-shek is believed by Japanese military observers to be planning to bring China's southwest under his control. This attempt, which would involve a military campaign, may easily cause the Southwestern faction to declare independence of Nanking, in their opinion. This comment was elicited Sept. 2 as intelligence reports reaching Tokyo indicated that no measures are being taken by the Central troops to prevent the combined "Red" forces under Hsu Chiang-chien, Chu Teh and Mao Tse-tung, now numbering approximately 80,000 men, from converging upon Kansu. General Chiang will soon turn his attention to the Southwest where Nanking's influence does not extend, Japanese observers believe. With Szechuan and Kweichow firmly within his grip and 600,000 men under his command, General Chiang feels confident that he can now tackle the Kwangtung and Kwangsi militarists. The Generalissimo's success in bringing Yunnan, where he had to centend with powerful British, French and American interests, within his sphere of influence is also held as significant.

Reduction of Szechuen provincial military effectives to one-third of their present strength, ordered by Gen. Chiang Kai-shek, is under way, according to a Chengtu dispatch to the *Shanghai Nichi-Nichi*. When the demobilization is carried out only 210 army groups will remain in the province. The demobilization will be carried out as follows:

Unit	Present Strength	Future Strength
Liu Hsiang	200 army groups	140
Teng Shi-hou	32 „ „	20
Sun Chen	32 „ „	18
Yang Lin	15 „ „	12
Lo Tse-chou	9 „ „	6
Li Chi-chang	9 „ „	6
Liu Wen-hui	12 „ „	3

Eight groups of Central Army officers have been organized to supervise the demobilization. As soon as the provincial military forces are reduced to the desired strength, Gen. Chiang will cut down the effectives of the Peace Preservation Corps, which are now organized in 91 companies and scattered in 144 hsien.

IMPORTANT RED STRONGHOLD IN NORTH-WEST SZECHUAN RECOVERED

Upon receipt of news of the recapture of Lifan, north-western Szechuan, General Chiang Kai-shek issued a circular order commending the units under Lieut.-General Fan Shao-tseng, and General Teng Hsi-hou. A cash reward of $15,000 has been remitted to Lieut.-General Fan and another sum of $5,000 to General Teng for distributing among their troops.

Japanese press reports, alleging the failure of the bandit suppression campaign in Szechuan, are ridculed. On the contrary, much headway has been made by the Szechuan troops in the drive against the marauders.

The units of the 3rd Route Army under Lieut.-General Li Chia-yu (Li Chi-hsiang) occupied Tiehki, 40 miles north of Mow-hsien, north-western Szechuan, at noon on the 27th August. Two regiments of the Brigade under Major-General Yang Shu-hsien, the heroic defender of the city of Kiangyu, northern Szechuan, took Weikwan on Aug. 27.

According to information from authoritative military sources in Chengtu, the remnant Communists under Chu Teh and Hsu Hsiang-chien, after having been routed by the government forces with considerable casualties, have now retreated to the western bank of Mienkiang and are being surrounded there. It is expected that they will be completely exterminated within a short time. The rumored report published in the Japanese press that the Communists have penetrated into Tienshui in Kansu is entirely groundless, as Kansu has been well guarded against a Communist invasion and the province is quiet and peaceful.

CHANGTEH IN DANGER OF COMMUNIST ATTACK

North China Daily News reported on Sept. 2 that the Communists are advancing on Changteh in Northern Hunan. There are about 3,000 troops inside the city itself. Barbed wire entanglements have been put up at all the approaches to four of the city gates. About 2,000 troops are disposed so as to guard the environs. Martial law still reigns within the walls. It is expected that the Reds, under the leadership of Ho Lung and Peng Teh-hui, will attack the city. According to the paper they are well supplied with food and arms, and have the money to finance their operations. Using Sangchih as their base, they have been moving in the general direction of Changteh, to the north of the city. Tsingshih has fallen to them, and they are reported to be advancing on Kungan, still further to the north.

FOREIGNERS WARNED NOT TO TOUR BEYOND LUNG-HAI LINE IN SHENSI

In view of the bandit-suppression campaign now in progress in Shensi the Shensi Provincial Government, in a telegram to the Ministry of Foreign Affairs, requests the restriction of foreign tourists to Shensi. The message states that at present it is not advisable that foreigners should go beyond the Lung-Hai Railway zone or further than Yenyang, in western Shensi.

Bribery Case Precipitates Crisis in Control Yuan

Great significance is being attached by the Control Yuan to the recent Yang Tien-chi bribery case which almost precipitated a crisis in the Yuan following the resignation of its Vice-President, Ting Wei-fen.

If steps are not taken by responsible authorities in dealing with the case, Mr. Ting said in an interview, the purpose of establishing the Control Yuan in the five-unit system of the National Government will be defeated and the morale of government officials will be considerably shattered in the eyes of the public

The case in question, the *Central News* Agency learned from reliable circles, concerns two important officials of the Control Yuan, namely Kao So, counsellor, and Yang Tien-chi, member of the Yuan.

The case, it is learned, is indirectly connected with the embezzlement case of Chiang Chu-tai, manager of the Nanking Branch of the Bank of Communications. In the Spring of this year, after an auditing of accounts of the Branch Bank by an auditor of the head office in Shanghai, Chiang was found to have misappropriated public funds of the bank

After complaint was filed with the Kiangning District Count in Nanking, Mr. Chiang was taken into custody pending trial.

Worried over the future of Chiang, his family sent a handsome present in cash to Kao So, counsellor of the Control Yuan, requesting him to persuade Yang Tien-chi, member of the Yuan, to use his influence with Sun Shao-kang, presiding judge of the Kiangning District Court.

Accepting Mr. Kao's request, Mr. Wang was stated to have sent an autographed letter to Mr. Sun three weeks ago, enclosing a cheque of a considerable figure, asking the latter to do his best in the trial of Mr. Chiang. Realizing the seriousness of the case which amounts to nothing less than bribery by a member of the Yuan, whose duty is to supervise the conduct of government officials, Judge Sun handed Mr. Yang's letter and the enclosed cheque to the Control Yuan. Upon receipt of the evidence of his reprehensible conduct, Yu Yu-jen, President of the Yuan, it is learned, immediately ordered the dismissal of Kao So, counsellor of the Yuan. Knowing that his bribery letter had not brought the result desired, Yang Tien-chi was stated to have tendered his resignation to the Yuan president and his resignation was accepted by the Central Political Council.

Meanwhile, it is learned, an impeachment against Messrs. Kao and Yang is being drawn up by members of the Control Yuan to be sent to the Commission for the Disciplinary Punishment of Public Functionaries. Both Kao and Yang are learned to be still in Nanking. Ting Wei-fen's resignation, however, has been rejected by the Central Executive Committee, and upon persuasion by Yu Yu-jen, Yuan president, Mr. Ting is believed to have consented to withdraw his resignation provided Kao and Yang will be duly punished.

Kawashima Succeeds Hayashi as Japanese War Minister

GEN. Seujnro Hayashi, Minister of War, tendered his resignation to Premier Keisuke Okada at 11 a.m. Sept. 4. Gen. Yoshiyuki Kawahima, one of the two youngest general officers, was selected his successor and was formaliy inducted into office by the Emperor at a ceremony at the Hayama Villa at 3 o'clock the same afternoon.

Gen. Hayashi resigned assuming responsibility for the lack of discipline in the Army, which culminated in the slaying of Lieut. Gen. Testsuzan Nagata, director of the Military Affairs Bureau of the War Office, by Lieut. Col. Saburo Aizawa on Aug. 12.

This action was not unexpected, Gen. Hayashi having intimated that he would quit as soon as the aftermath of the tragedy, which shook him deeply, had been settled.

He immediately took steps to curb subversive agitation in the ranks and rounded off a series of efforts to tighten discipline in the service by calling an emergency meeting of army and division commanders on Aug. 26 when he gave special instructions. He followed this by a conference, on the following day, with the heads of various institutions under the control of the War Office.

Generals Hishikari, Matsui Put on Reserve List

Gen. Taka Hishikari, former Commander-in-Chief of the Kwangtung Army and a member of the Supreme War Council, and Gen. Iwane Matsui, a member of the Council, were placed on the reserve list, according to an announcement issued by the War Office in Tokyo, Aug. 29. Also on the list was Lieut.-Gen. Shinji Hata, former Commander of the Second Division and a 'stormy petrel' of the Japanese Army. It is generally rumored that Gen. Jinsaburo Mazaki, former Inspector-General of Military Education, was obliged to relinquish his post late last month because of his unwillingness to approve of Lieut.-Gen. Hata's retirement.

More than 260 other officers were placed on the reserve list as the result of the annual shake-up of Aug. 1. This year's reshuffle attracted special interest in view of the determination of Gen. Senjuro Hayashi, War Minister, to purge the Army of undesirable elements.

Seiyukai Leaders Revive Constitutional Controversy

Seven leaders of the Seiyukai party, headed by Mr. Teijiro Yamamoto, today called on Premier Keisuke Okada to inquire as to the views of Baron Kitokuro Ikki, President of the Privy Council, and Tokujiro Kanamori, Director of the Legislative Bureau, on the so-called "organ theory." Their action revived the bitter controversy which has agitated Japan for the last six months in connection with Dr. Tatsukichi Minobe's theory that the Emperor is not the State itself, but merely one of its organs.

Premier Okada reportedly explained to the callers the meaning of the Government's declaration of Aug. 3 clarifying the Government's stand on the issue, and absolved the two statesmen of any blame. It is said in Tokyo political circles that the Government will decline future interviews with the representatives of the Seiyukai, if they insist on confining the discussion to the "organ theory."

Japanese Firm Buys China Iron Ore

A contract for the purchase of 150,000 tons of iron ore during this year has been signed between the Hsiang-pi Mining Company of Hupeh and the Japan Iron Manufacturing Company and the first shipment of ore left China for Yahata, Kyushu, Aug. 29. The Hsiang-pi Iron Mines are owned by the Hupeh Provincial Government and no ore has been exported abroad since the Manchurian Incident of 1931. The Japan Iron Manufacturing Company is capitalized at Yen 359,820,000. The first shipment left on the s.s. *Matsuura Maru*, a 4,900-ton freighter.

Mail Order House Representatives to Visit Japan Soon

Representatives of Sears, Roebuck and Company, the world's largest mail order retail firm, and Butler Brothers, another large Chicago concern, will soon visit Japan, to make a survey of the market, according to a message received yesterday by the Tokyo Chamber of Commerce and Industry from its commercial correspondent in the Windy City. The officials will especially study the possibility of setting up purchasing agencies in Japan to supply their distributing depots and stores with Japanese goods. They will also, according to the message, make purchases of carpets, porcelain, lacquer-wares and sundry other goods.

Japanese Sugar Exporters Set Price

A decision to set Yen 6.90 per picul of sugar as the lowest price, below which they would not sell the commodity, was made Aug. 30 by representatives of various concerns exporting sugar to China. As the result of the depression, the price of sugar dropped to Yen 6.50 per picul in Shanghai, which, the exporters hold, is far below the cost. Among the firms represented at the conference were the Mitsui Bussan Kaisha, the Mitsubishi Shoji Kaisha, the Abe Company, the Meiji Company and the Japan Sugar Trading Company.

Egypt-Japan Trade Talks to Start this Month

Paving the way for official negotiations on the conclusion of a new trade pact to replace the one denounced by Egypt on July 18, two representatives of leading Japanese textile firms will confer with Egyptian cotton growers the middle of this month on trade relations between the two countries.

Anti-Prostitution Drive Intensified in Northeast Japan

An intensified campaign against the traffic in women in the depressed northeastern prefectures will be combined with a drive to rescue 3,000 women from brothels in the coming year, according to the Asahi. Orders for a more thorough-going fight on prostitution will be issued soon to governors of the six northeastern prefectures by Mr. Kiyoshi Nakabai, director of the Social Affairs Bureau of the Home Ministry shortly, it was stated. About Yen 300,000 will be required for the campaign and to help defray the expenses. The Social Affairs Bureau plans to appeal to wealthy citizens for contributions instead of relying on a restricted budget.

Steps to suppress the traffic in women in this poverty-stricken region were taken last November and up to June of this year, 1 181 women had been rescued, according to figures announced by the Bureau. Employment was found for 630 of them in spinning mills, 410 were placed as maidservants and others as children's nurses. Indictments were obtained against 240 questionable agencies and permits of 36 others were cancelled.

Gloomy Outlook for Japan's Next Budget

The *Kobe Shimbun* says that unless there is a change in the present budgetary policy of the Finance Department, it will by impossible to compile the new Budget.

The two cardinal points in the Finance Department's policy in the compilation of the new Budget are to keep the total amount below Yen 2,215,000,000 and to reduce deficit-covering loan issues, which amount to Yen 770,000,000 in the current fiscal year, by about Yen 100,000,000—the anticipated natural increase of revenue. It is manifest that this policy cannot be upheld.

As usual, the Services expenditure is the gravest stumbling block. The navy claims the following for the new fiscal year :—

Basic expenditure	Yen 402,000,000
New expenditure	310,000,000
Total	...Yen 712,000,000
The army's estimates are :—	
Basic expenditure	Yen 254,000,000
New expenditure	350,000,000
Total	Yen 604,000,000

The estimates of both Service Departments combined thus aggregate Yen 1,316,000,000.

It is, of course, inconceivable that the Finance Department will accept these estimates in their entirety, but at the same time it is equally unlikely that the new expenditures of both Services can be halved so that the figure of Yen 1,022,000,000, alloted to both Departments in the Budget for the current fiscal year, may be maintained, for the prospect of the failure of the forthcoming Disarmament Conference and the unfavourable international situation have to be taken into careful consideration by the Finance Department in trimming the army and the navy estimates.

Even after the best possible fight has been put up by the Finance Department and the biggest concessions made by the Services authorities, an increase of some Yen 100,000,000 in the fighting vote seems inevitable.

On the other hand, an increase of about Yen 32,000,000 in interest payments on national bonds and an increase of Yen 2,000,000 in the pension bill must be counted upon. These are so-called obligatory charges and there is no escaping from them. If these increases are added to the anticipated increase of Yen 100,000,000 in the Services estimates, the total increase will be something like Yen 134,000,000. Against this expanded expenditure, revenue increases which are looked for are the Yen 100,000,000 natural increase and the increased contribution of ten or twenty million yen to the sinking fund by the special accounts.

If, as declared by the Finance Department authorities, there is to be no tax increase in the new fiscal year, there will be only two alternatives left to make up the resulting deficit. One is to increase loan issues and the other is to curtail the administrative expenditure of all Departments except the War and the Navy. The latter course would accentuate the already pronounced loss of balance in favor of the war expenditure, which will then absorb more than half the total national expenditure. Moreover, it would give the Opposition a powerful weapon to attack the Government with and might even encourage it to defeat the new Budget in the next session of the Diet at the risk of the dissolution of the Diet. The Government will surely hesitate to take such a risk.

No Agreement Reached on Size of Budget

Officials of the Japanese Ministries of War and Finance have so far failed to reach an agreement on the size of the Army's budgetary demands for the next fiscal year. Lieut.-Gen.

Toranosuke Hashimoto, Vice-Minister of War, at a conference Aug. 31 stressed the need for large appropriations, citing the size of Russian effectives concentrated on the Soviet-Manchukuo border. The problem of maintaining peace and order in the new Empire was also discussed. Major Kanjiro Hirade, director of the Intendance Bureau of the Ministry of War, supported his superior declaring that the Army's minimun requirements for the coming year would be around Yen 660,000,000 because of disquieting factors in the international situation. Major Hirade went into a detailed explanation of the various items mentioned in the Army's estimates.

Exchequer officials countered these assertions by stating that Korekiyo Takahashi, Minister of Finance, and his assistants had recently reached the conclusion that it was imperative to reduce the size of the annual deficit by drawing up a well-balanced budget. Lieut.-Gen. Kiyoshi Imai, director of the Military Affairs Bureau, rose in rebuttal asserting that large defense appropriations were imperative.

Japanese Army Opposed to Change in Tangku Pact Status

Japanese Army authorities regard as premature any move towards transforming the Tangku Truce Agreement of May 31, 1933, into a political pact, according to a statement made by a spokesman for the War Office in Tokyo, Sept. 1 in commenting on press reports that the Nanking government was about to seek such a change in the pact's status. The reason for this action, the press dispatches said, was the abolition on Thursday of the Peiping Political Readjustment Council, which was a party to the agreement.

"Order in North China has not yet been fully re-established," the spokesman said pointing to recurrent bandit outbreaks in the district.

"It would he premature to change the Tangku Truce Agreement to a political pact under the circumstances."

"Moreover, we believe that the Chinese still lack sincerity in their dealings regarding through railway, mail and air traffic. A logical settlement of such practical questions should be sought first," he added.

Cotton to Be Made from Wood Cheaper Than It Can Be Grown

If scientists' hopes are realised, Lancashire (England) will soon be independent of the cotton fields The mills will use wood pulp instead of cotton. Artificial silk made from wood pulp is, of course, nothing new and it has long been competing with cotton for many purposes. But raw cotton is still a good deal cheaper than the viscose made from wood pulp, and hitherto the latter has required special machinery to weave it. Now Dr. E. F. Armstrong, a noted industrial chemist, claims that scientists have discovered a way to use viscose in the very same machines which now produce cotton fabrics. He also declares that very soon viscose will be produced more cheaply even than raw cotton.

Wakatsuki's Subscription to "Foreign Affairs" 20 Years in Advance

The Tokyo *Yomiuri* says that Baron Reijiro Wakatsuki, former Premier, contributed a lengthy article on "Japan and Her Mission" to the influential American magazine *Foreign Affairs* several months ago upon the magazine's request. Recently the magazine sent him a check for U.S.$100 as remuneration for the article. Baron Wakatsuki was somewhat surprised at the unexpected remittance but soon sent it back to the magazine with a note that the money be turned into his subscription to the magazine. Is the yearly subscription costs $5, the money is good for 20 years' subscription.

Amau at Leggerheads With Kuwashima?

(*From the Tokyo Hochi Shimbun*, August 26)

Kazue Kuwashima, chief of the East Asia Bureau of the Foreign Office, and Eiji Amau, chief of ths Intelligence Bureau of the Foreign Office, though hailing from the same Shikoku Island, are at loggerheads with each other. Their relations date from their middle school days. Mr. Amau was a member of the baseball team of the Tokushima Middle School, playing second base, while Mr. Kuwashima was the chief of the rooters for Mr. Amau's rival school. One day these two youths quarreled and both raised fists at each other. The man who mediated between them was Kaneichi Okada, then a teacher of English at Mr. Kuwashima's school at Marugame but now chief of the cultural department of the Foreign Office. That is why both Mr. Amau and Mr. Kuwashima become tame before Mr. Okada even these days.

Tokyo Raises Soviet Bogey as Inducement to China

Recognition of Manchukuo will be the prime objective of Foreign Minister Koki Hirota's China policy in the immediate future, now that the decision of Wang Ching-wei, President of the Executive Yuan and Foreign Minister of the Nanking Government, to withdraw his recent resignation has stabilized the Nanking political situtuon, according to the *Asahi*.

Since the Japanese Government believes that Chinese recognition of Manchukuo must form the foundation of new Sino-Japanese relations, Tokyo will launch strenuous efforts to effect such recognition, the *Asahi* said. If this materializes, the Japanese Government is likely to propose the practical co-operation of China, Japan and Manchukuo in Chahar, Inner Mongolia and Suiyuan, Chinese territories adjoining Manchukuo, in an effort to prevent the spread of Soviet influence into Manchukuo and China.

Nippon Dempo, observing that Foreign Minister Hirota "has forsaken his negative China policy to accelerate Sino-Japanese co-operation in a real sense, said that Japan will couple its proposal for recognition of Manchukuo with an expression of Japan's willingness to join China in joint action "to take Mongolia and Sinkiang from the hands of the Soviet Union and restore them to China" The latter step, however, will be taken only after the recognition step materializes, it was added.

The Foreign Minister believes that China, Japan and Manchukuo should maintain close co-operation on the basis of China's recognition of Japan as "the only stabilizing force in East Asia," according to the news agency. China must abandon its past policies and rely upon Japan for its territorial preservation and national unification, alive to the international position of Japan and the development of Manchukuo, the service continued in elaborating on Mr. Hirota's views.

Japan is willing to help China solve its relations with foreign countries, it was stated, and "if China wishes the restoration of Outer Mongolia and Sinkiang, which are under Soviet influence, Japan will co-operate." The Tangku Truce agreement could also be turned into a political pact if recognition of Manchukuo is accorded, it was stated.

Wang Denies North China Group Is Aimed at Balking Japanese Plans

Rumors to the effect that the North China Economic Federation, being organized by Chinese financial leaders in Peiping and Tientsin, was designed to balk Japanese projects for the development of that region were emphatically denied by Wang Keh-min, acting chairman of the defunct Peiping Political Readjustment Council, in an interview with Kaname Wakasugi, Counsellor of the Japanese Embassy in Peiping Aug. 31. "The projected body is being formed to co-operate with Japanese interests, not to fight them," Mr. Wang was quoted by Mr. Wakasugi as saying.

"Acting under instructions from the Nanking Government, I have been discussing the formation of the new group for about 10 days, he is reported to have added, after remarking that the Federation would only deal with matters arising in Hopei and would be an advisory body without executive powers. Its membership would be purely unofficial, with bankers and persons connected with the Peiping and Tientsin Chambers of Commerce taking a prominent part. Chou Tso-min, general manager of the Kincheng Banking Corporation, was said by Mr. Wang to be the principal organizer, according to Mr. Wakasugi. Japanese observers believe that Mr. Wang probably will head the Federation as soon as he is officially relieved of his duties after the affairs of the defunct Political Council are wound up.

Japanese Ask Britain for "Open Door" in Dominions

The Tokyo *Jiji* predicted Sept. 3 that Koki Kirota, the Japanese Foreign Minister, will discuss with Sir Frederick Leith-Ross, the British financial advisor now on his way to China, the possibility of Great Britain giving Japan access to the various natural resources of which Japan suffers a shortage. It is known that Japan is particularly interested in obtaining a larger source for oil and minerals. "The sealing of these vast resources," the newspaper said, "in sparsely settled areas solely for British capital, and closing the doors against Japan, cannot be considered a contribution towards the establishment of world peace Great Britain should give Japan free access to her vast territory throughout the world and establish for Japan the principles of the open door policy which the British earnestly sought to establish in the Far East, and thus give Japan assistance in realizing that there is Anglo-Japanese co-operation throughout the world." An article similar to that in the *Jiji* appeared in the *Asahi*.

Embezzlement Charges Filed Against Frank J. Raven and Two Associates

FIFTEEN charges of embezzlement, totalling U.S. $62,679.51 were filed Aug. 31 by District Attorney, Felthan Watson, in the U.S. Court for China, against Frank J. Raven, John W. Brown, and Albert Hamilton Driscoll, former officers of the American-Oriental Finance Corporation. It was the first official action of the United States Government in connection with the affairs of the American-Oriental Finance Corporation, and other organizations, which suspended business on May 24, this year. The defendants are charged with receiving stock from clients for safe keeping, and that they converted the stocks placed in their care to their own use. Bail for F. J. Raven was fixed at U.S. $10,000, and that for Mr. Driscoll at U.S.$5,000. F. J. Raven's bail was put up by his brother, C. H. Raven, who wrote out a cashier's check for U.S. $10,000 on the Chase National Bank. Immediately upon receipt of the check, Mr. Faupel instructed the prison officials to release Mr. Raven. Mr. Driscoll's bail was put up by Mrs. Julius C. Kleffel, wife of the former vice-president and manager of the American-Oriental Banking Corporation. She posted her home as security.

The accused men have a right to preliminary hearing, but have waived it.

J. Warner Brown, former director and vice-president of the corporation, who is named jointly with Messrs. Raven and Driscoll in the charges of embezzlement, is in Manila.

The 22-page complaint in which the District Attorney sets out the charges against Mr. Raven and his two associates alleges that they "wilfully, unlawfully, fraudulently and feloniously embezzled and converted to their own use" divers shares of stock delivered by various customers to the American-Oriental Finance Corporation for "safe-keeping," and which the accused had in their control and possession by virtue of their official positions in the Corporation. The names of these customers, the shares which they delivered, the value of the shares, and the approximate dates on which the accused are alleged to have disposed of them, are listed as follows:

Count 1.—L. Basset, 400 shares of American Telephone and Telegraph Company stock and 100 shares of Western Union Telegraph Company stock, aggregate value more than U.S. $50,000—disposed of between November 17, 1934 and May 27, 1935.

Count 2.—R. D'Ungern Sternberg, 10 shares of Canadian Pacific Railway Company stock, value more than U S. $105.82—disposed of between August 24, 1934 and May 27, 1935.

Count 3.—Edward P. Howard, 30 shares of Douglas Aircraft Corporation stock, value more than U.S. $760 78—disposed of between July 23, 1934 and May 27, 1935.

Count 4.—O. Border, 75 shares of Coty, Inc., stock and 15 shares of New York Central Railroad stock, aggregate value more than U.S. $584—disposed of on or about May 27, 1935.

Count 5.—H. W. Brooke, 100 shares of Colgate-Palmolive Peet Company stock, valued more than U.S. $1,642.96—disposd of between March 7, 1934 and May 27, 1935.

Count 6.—John F. Stevens, Jnr., 50 shares of Electric Bond and Share Company stock, value more than U.S. $347.12—disposed of between October 27, 1933 and May 27, 1935.

Count 7.—C. R. Jones, 50 shares of Electric Bond and Share Company stock, value more than U.S. $347.12—disposed of between March 15, 1934 and May 27, 1935.

Count 8.—John Cornfield, 50 shares of International Telephone and Telegraph Company stock and 250 shares of Standard Gas and Electric Company stock, aggregate value more than U.S. $1,132.41—disposed of between February 18 and May 27, 1925.

Count 9.—M. J. Harris, 45 shares of General Motors Corporation stock, 25 shares of Caterpillar Tractor Company stock and 100 shares of Curtis-Wright Corporation stock aggregate value more than U.S. $2,808.02—disposed of on or about May 27, 1935.

Count 10.—William N. and Florence C. Gray, co-partners in the Gray Trading Company, 200 shares of Paramount Publix Corporation stock and 100 shares of Chase National Bank stock, aggregate value more than U.S. $2,070.25—disposed of between Feb. 3, 1933 and May 27, 1935.

Count 11—Stanley G. Kirkland, 25 shares of Socony-Vacuum Corporation stock, 2 shares of Radio Corporation of America stock, 25 shares of Packard Motor Car Company stock, 15 shares of General Electric Company stock and 25 shares of International Telephone and Telegraph Company stock, aggregate value more than U.S. 1,049.18—disposed of between May 17, 1933 and May 27, 1935.

Count 12.—Gordon Yates, 100 shares of Curtis-Wright Corporation stock, value more than U.S. $219.4—disposed of between Sept. 30, 1934 and May 27, 1935.

Count 13.—L. J. Bergmann, 3 shares of Electric Bond and Share Company stock, value more than U.S. $22.75—disposed of between January 19, 1933 and May 27, 1935.

Count 14.—John A. Ely, 20 shares of General Motors Corporation stock, value more than U.S. $623.08—disposed of between Sept. 30, 1934 and May 27, 1935.

Count 15.—H. G. Smith, 50 shares of Electric Autolite Company stock, value more than U.S. $1,041.57—disposed of between April 16, 1934 and May 27, 1935.

The charges against the three accused are framed under Section 76, Title 6, which is understood to provide, on conviction, for a maximum penalty of 10 years' imprisonment, a fine of U.S.$1,000, or both combined.

Balance Sheet of Raven Trust Co. Shows Sorry State of Affairs

A balance-sheet prepared by H. S. De Vault, certified public accountant, for Frank Hough, liquidator of the Raven Trust Co., was made public Aug. 31. The balance sheet shows the assets and liabilities of the Raven Trust Co. on May 23, this year, the last day the company was open for business.

The principal item of assets, namely, investments in stocks, is expected to realize $150,000, or approximately 3½ per cent of the book values. About 85 per cent of these investments are in stocks of associated and affiliated companies.

"The statement of the liabilities," said Mr. Hough, "includes all known obligations. It may be that there are some claims which were not on record, but, if so, the amounts are not believed to be material."

The balance sheet shows that there may be realized approximately $300,000, less the cost of liquidation, which will be available for creditors. This amount is about 7 per cent. of the total unsecured creditors' claims. As indicated by the statement, there will be nothing available for the stockholders.

Mr. De Vault and his staff at present are at work on an analysis of the operations of the Raven Trust Co. from the beginning of its existence, and Mr. Hough states that he hopes within a short time to be able to present a full report on all transactions of the company.

The balance-sheet follows:—

Assets

	Book Value	*stimated Shrinkage*	*Estimated Realizable Value*
Investments, Stocks	4,017,632.12	3,865,600.67	152,031.45
Loans Receivable	307,077.11	287,498.81	19,579.00
Due from Trust Estate	352,447.86	227,792.03	124,655.83
Real Estate	90,315.25	68,501.57	21,813.68
Sundry Debtors	14,948.63	14,948.63	
Furniture, Fixture, Library, Motor Car, etc.	46,781.95	43,281.95	3,500.00
Public Utility Deposits	200.00	200.00	
Total book value	$4,829,403.62		
Total estimated shrinkage		$4,507,823.66	
Total estimated realizable value			$321,579.96
Less Prior and Specifically Earned Claims (per contra):			
Mortgage payable		$18,166.29	
Wages		3,242.50	21,428.79
Estimated Amount Available for Unsecured Creditors and to Defray Expenses of Liquidation			$300,151.17
Estimated Deficiency or Loss to Unsecured Creditors			3,267,439.71
Total of Unsecured Claims			$3,567,590.88

Liabilities

	Per Books	*Unsecured Creditors*
Claim Covered by Specific Lien—Mortgage on Real Estate (per contra deducted from real estate)	$ 18,186.29	
Claim Given Priority by Law, Wages	3,242.50	
Fixed Trust Certificates	2,222,599.07	2,222,599.07
Loans Payable:—		
American-Oriental Bank	128,183.90	128,183.90
American-Oriental Finance Corp.	130,511.61	130,511.61
Asia Realty Co.	62,928.31	62,928.31
Underwriters Savings Bank	15,709.97	15,709.97
American-Oriental Bank:—		
Overdraft	681,915.69	681,915.69
Exchange contracts	111,251.30	111,251.30
American-Oriental Finance Corp.		
Marginal trading account	20,076.30	20,076.30
New York stocks account	29,670.74	29,670.74
Exchange contracts	81,394.26	81,394.26
Due to Trust Estates	68,766.18	68,766.18
Sundry Creditors	14,583.55	14,583.55
Nett Worth (capital stock less deficit	1,240,383.95	
Total per Books	$4,829,403.62	
Total of Unsecured Claims		$3,567,590.88

International Cooperation Needed to Combat China Flood Disaster

(BY DWIGHT W. EDWARDS)

(Vice-Chairman, China International Famine Relief Commission)

ONCE again China is in the grip of disastrous floods. For two months the newspapers have proclaimed the ravages of the advancing waters. Daily the headlines tell of dikes bursting, cities inundated, whole sections of country under water. Refugees by the thousands are turning their backs on their ruined homes and swarming toward the more fortunate cities in search of help.

The damage to property already runs into the hundreds of millions; the loss of life cannot be calculated. And yet the situation is still in the making. Autumn freshets entering the swollen

Crops and Corn Fields Washed Away During Recent Floods in Western Shantung

rivers may well burst more overstrained dikes and spread the destruction over even greater areas. No one will be able to calculate the extent of the 1935 floods until winter sets in, but it is certain that by then there will be intense and widespread suffering.

Floods occur so frequently in China that reports upon them are apt to be received too casually. Furthermore, it is hard for the layman who is unfamiliar with provincial geography and place names to piece together the news reports he reads from day to day and to form a picture of the real situation. He may even feel that the situation is being exaggerated, and that somehow conditions will right themselves in the end. China has survived many floods. Surely she will get through this one somehow.

In combatting this attitude it must be emphasized that floods, although they occur almost yearly in some section or other, vary greatly in intensity. When a great flood occurs, such as that in the Yangtze River valley in 1933, China does not simply "get through it somehow". She survives it only because of the heroic efforts which are made by public and private bodies in the organization of relief and reconstruction. She is brought through by the unselfishness of thousands of individuals who are willing to devote their time and their money to the cause of saving human lives. If it were not for the efforts of these public-spirited people the situation would indeed be hopeless. It is a hopeful sign, too, that their ranks are increasing year by year. They are not only Chinese. During the past twenty years great contributions in service and money have been received from the friends of China abroad. But it is significant to note that during recent years the contributions to flood relief from purely Chinese sources have increasingly exceeded those received from abroad. It is obvious that there is a growing interest in social service in China. There are not only more who are ready to contribute financially to relief programs. There are now more skilled workers to carry them out according to scientific and economical methods.

Progress in Relief Work

All this represents definite progress. China is making a determined effort to fight the floods which are an ever-present menace to her best agricultural sections. The government does its best, as do the provincial authorities, but in the case of severe calamities, there remains much to be done by private organizations and individuals, and, for an impoverished country, the need for encouragement and help from abroad.

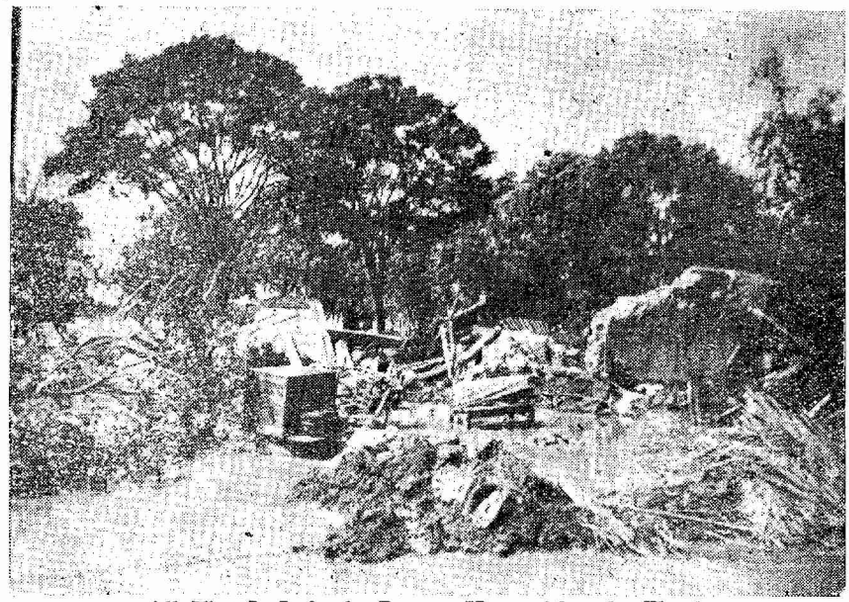
At present the question is, how serious are the floods of this year? In a country where sufficient communications make the rapid gathering of data difficult and where an unforeseen variation in weather may suddenly aggravate conditions, it becomes necessary to rely upon the observations of conservancy experts to determine the extent of flood damages. According to the testimony of seasoned observers who have investigated the flood areas during recent months, the 1935 floods have already reached the proportions of a major calamity.

The floods are singular in that they embrace both the Yangtze and the Yellow River valleys, which in recent years have not undergone great inundations simultaneously. With both of China's great river systems in flood, suffering is spread over a vast area covering eight provinces. The provinces worst affected are Hupeh, Hunan, Shantung, Honan and Kiangsi.

Estimated Damages

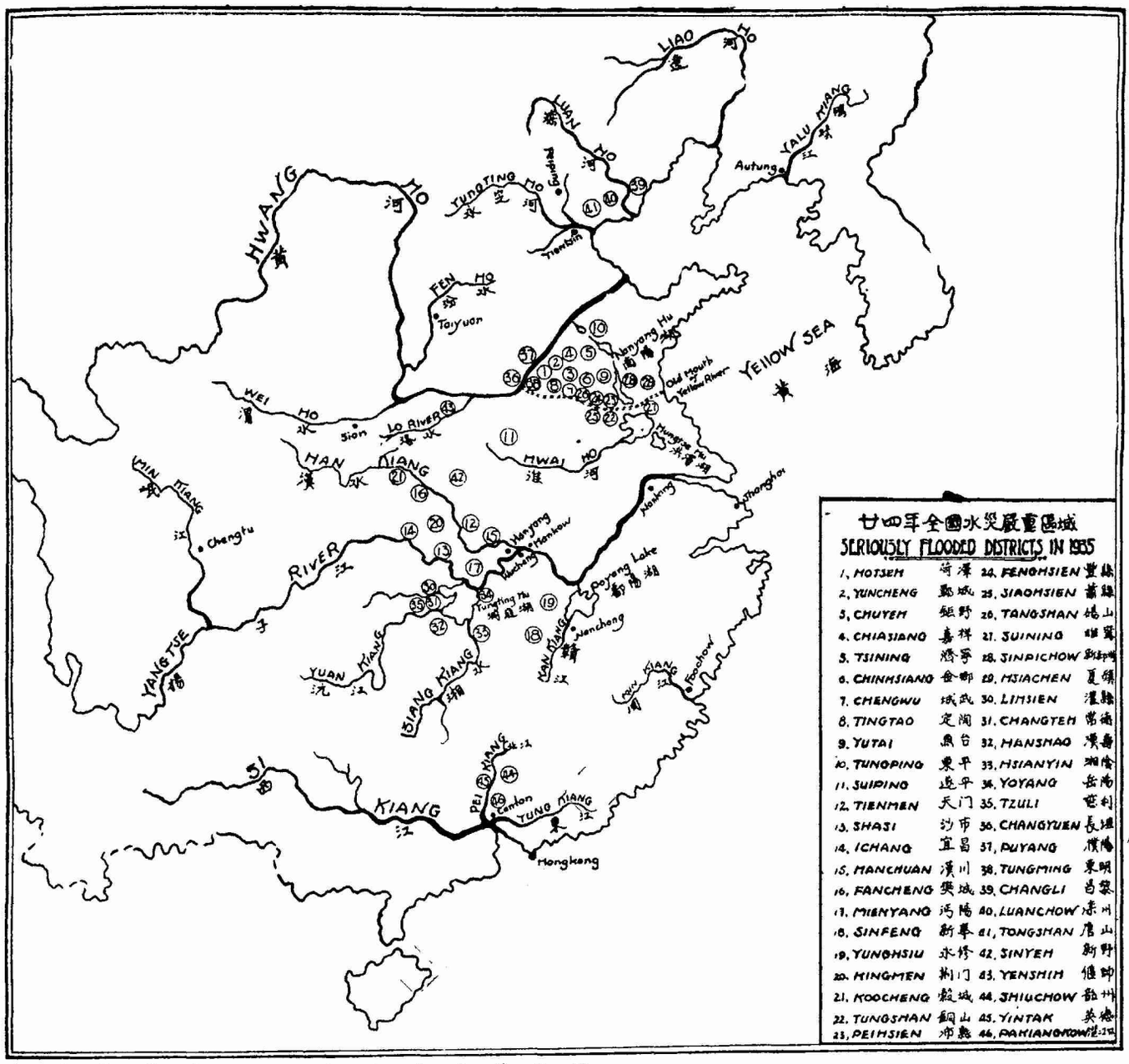
After making an official tour of inspection of the flood areas during August, Hsu Shin-ying, Chairman of the National flood Relief Commission, reported that in the Yangtze floods alone 100,000 people had perished and 14,000,000 were left homeless. He stated that the estimated damages over a flooded area of 100,000 square kilometers were in the neighborhood of $300,000,000. This for the Yangtze valley alone. In the Yellow River valley conditions proved to be proportionately grave. In Mr. Hsu's report for this region it was estimated that 5,500,000 people were homeless in the provinces of Shantung, Hopei, and Honan. The flood areas embraced 40,000 square kilometers and the total loss sustained was also approximately $300,000,000.

With a total of nearly twenty million people affected and property losses of over half a billion dollars, it is apparent that the Yangtze-Yellow River Floods of 1935 approach the appalling disaster which overtook the Yangtze valley in 1931. It is imperative that relief be organized on something of the same enormous scale that it was at that time. The problem is to know how this is to be ac-



All That Is Left of a Peasant House After the Flood

MAP OF CHINA WITH FLOODED DISTRICTS INDICATED



中國華洋義賑救災總會繪製印發
Prepared by Income Production Dept., China International Famine Relief Commission

complished in a country which, due to world conditions, is more impoverished now than it was four years ago. There can be no question, however, that adequate relief measures must and will be provided.

Steps Being Taken

The National Government has already taken prompt steps in this direction. The National Flood Relief Commission, which was organized at the time of the 1931 flood, has been in action since the first signs of approaching trouble. It is in a large measure due to the quick work of this Commission in strengthening dikes and applying other means of flood prevention that the waters of the Yangtze River were kept from spreading on the scale that they did in 1931. With limited means, the Commission managed to prevent an incalculable amount of added destruction.

This does not minimize the difficulty of dealing with that which has occurred in spite of the fight which was made to keep both rivers in bounds. Although the Government has promptly made appropriations for relief work, it is a question whether as many millions can be provided as are necessary to do a complete job. Much of the burden will have to be borne by the local authorities in the affected provinces. These already have their organizations in the field and are attacking the flood problems with great energy. The provincial administrations, however, are naturally subject to financial pressure, as the floods are affecting their very sources of revenue. They will need outside help before winter if they are to continue their relief programs.

Why Outside Help Is Needed

In China, when human suffering spreads to the extent that it has this fall, the problem of rescuing millions from starvation is one that exceeds the resources of purely governmental organizations. Help must be found in other quarters. Private bodies and individuals, too, must come to the rescue. And the people should shoulder this responsibility in a true spirit of public service. From year to year there is a steady increase shown in the number of individuals who engage in relief activities in times of disaster, and in the sums of money which are raised by voluntary subscription. Local campaigns for public subscriptions are opened in the various cities and the funds secured are turned over to the organizations in the field for administration. Money is now being raised in a number of centers to help the victims of this year's flood.

In addition to the various local relief societies and committees are several organizations of national scope on which a large measure of responsibility falls in times of distress. These include such organizations as the Red Cross, the Red Swastika Society and the China International Famine Relief Commission. In the face of the present disaster the latter organization has adopted a program which is designed to aid and supplement the other efforts, governmental and private, which are being made to relieve the victims of the 1935 floods. Officials of the C.I.F.R.C., which has been a pioneer in the development of relief methods in this country, have emphasized the value of co-ordination among the various agencies at work in the present crisis. In their opinion, saving the lives of many millions of flood victims is a task which is beyond the power of any

single organization or group of organizations, public or private. Only by close cooperation between all the individual agencies engaged in flood relief can the nation's forces be mobilized for effective service.

C.I.F.R.C. Relief and Campaign Plans

The China International Famine Relief Commission, with this end in view, is carrying on special campaign for relief funds. Disregarding communities which already have adequately organized drives, its committees will seek for subscriptions in centers which have not made their own plans for helping the flood victims.

It is certain that if countless men, women and children are not to die of starvation and exposure during the coming winter months, all sources of relief will have to be tapped—governmental, provincial, and private. The common citizens who enjoy the comforts of their homes and families will have to help, each in his his own measure.

It is certain that even with the best success, China alone will not be able to raise the sums necessary to carry the work of relief and rehabilitation through as it should be done. She will help herself to the utmost of her ability. But she must also send appeals for help abroad to the Chinese overseas and to the friends of China the world over. This is one of the relief activities in which the China International Famine Relief Commission is participating. Financial aid is being sought in England and America, and the Commission itself is organizing campaigns for funds in Hawaii and Malaysia, where the overseas Chinese populations have always shown great generosity in contributing to flood relief in the homeland.

As each day goes by, more wheels are set in action to bring aid to the millions who are homelsss and hungry. But it is a race against time. By the time winter sets in the workers in the field will be waging a daily battle against famine and death. They must have their supplies—food, clothing, and medicine. If these are to reach them in time, men of good will everywhere must act quickly and generously.

FIVE U.S. DOLLARS FROM SEATTLE

A letter from Seattle, dated August 5, says:

"Please accept this insignificant contribution from one who is too cramped financially to do more for the flood sufferers of China than send you the enclosed $5.00, but who will try to touch the hearts of others so that they will send you their contributions too."

Many other friends from overseas have already given toward our Kiang-Ho Flood Relief Fund without waiting for our appeal. If you have not yet done so, will you fill out the following blank and send it to us at once?

CHINA INTERNATIONAL FAMINE RELIEF COMMISSION

Desiring to have a share in helping the tens of thousands of flood victims this year I hereby enclose a check or postal money order for Dollars.....as my contribution towards the Kiang-Ho Flood Relief Fund, for which sum please issue a formal receipt.

Signed .....

Address.....

Government to Appropriate 3,000,000 for Hupeh Relief

In response to response to repeated requests from the Hupeh provincial government for funds to render immediate relief to flood refugees, the Central Government has consented to appropriate a total of $,000,000 for labor relief in said province. As soon as the money is received by the Hupeh provincial government, it is learned, the authorities will recruit a large number of destitute flood refugees in dyke repairing work on the various embankments along the Yangtsze in Hupeh.

An intense campaign for the relief of flood sufferers is being launched by the China International Famine Relief Commission. C. H. Loh, assistant chief of the income production department of the C.I.F.R.C., after returning from Peiping, where he was summoned for the meeting of the executive committee, stressed the point that the present floods of the Yellow River were in no way due to human negligence. It was, and still is, beyond human control. The everchanging course of the river continually deposits mud at different places, and at some of these points the river-bed was actually higher than the level of the surrounding country.

According to the latest statistics complied by the Hopei Provincial Government, a total area of 2,089 square li has been affected by flood in the three districts of Changyuan, Puyang and Tungming, southern Hopei. Over 790 villages have been submerged and 219,297 persons rendered homeless and destitute. The material loss is estimated at over $12 millions.

Marshal Chang and Gen. Ho Chien Confer at Changsha

BY THE REVIEW'S HANKOW CORRESPONDENT

THE situation in western Hunan is somewhat easier, but the recent threat to Changteh, Hunan, by Reds in western Hunan, has resulted in the government urging fresh measures against the forces of Ho Lung and Hsiao Keh. Both Marshal Chang Hsueh-liang and Gen. Ho Chen-chun, Bandit Suppression Commissioner for Hupeh, Hunan, and Szechwan provinces, felt called upon to attend the inauguration of Gen. Liu Chen-shu as Commander of the 4th Route Anti-Red Field Headquarters of Hunan. The ceremony took place last Sunday in Changsha, the Marshal returning to Hankow, Sept. 2. During the week-end in Changsha, the assembled generals made good use of the opportunity to discuss the various pressing military and anti-red problems confronting Hunan province. For obvious reasons plans are kept secret, but it is certain that Nanking is requesting Gen. Ho Chien to stiffen his opposition to the Reds under Ho Lung and to resist his forces to the utmost limit. One gathers the impression sometimes that the several generals engaged in the anti-communist fight are more concerned about keeping their respective forces intact than in overcoming the enemy, even at the price of self-sacrifice. There does seem to be a general attitude of "Let George do it; you can't expect me to bear the brunt of this task." No doubt there are individual exceptions, but the continual galavanting of Ho Lung and his Red army throughout the northwestern sections of Hunan province certainly reveals a desperate lack of will power and discipline on the part of the government army leaders in that province. The plight of the poor common people in the devastated areas is almost unbelievable; and yet just because these areas are not rich revenue-producing sections, they are more or less left to shift for themselves. What is government for if it cannot guarantee law and order? The patience of the people will not last forever. It is to be hoped that effective measures were proposed at the meeting last Sunday and that proper and adequate means found for carrying them out.

Attorney Watson Investigates Lemcke and Brinson Case

Felthan Watson, U. S. District Attorney, arrived here by plane last to Monday make a preliminary study of the case of Julius C. Lemcke and Eugene Brinson, Americans, charged by the Chinese authorities with trying to effect the escape of Walden, the mysterious Mr. X of Shanghai, now believed to be Dr. Rivosh. The two men are being held in custody by the American Consular authorities, the British Consulate jail being placed at the services of the consulate, there being no American jail in Hankow.

Chinese Authorities Delay in Filing Formal Charges

Up to late Tuesday evening the Chinese authorities apparently had not filed a statement of formal charges against the two Americans, Messrs. Lemcke and Brinson. It is understood that the U. S. Attorney has requested the Chinese officials to come forward with the definite charges before 10 a. m. Wednesday morning, Sept. 4. Until these formal charges have been presented, Mr. Watson, the U. S. District Attorney, will not make any statement to the press.

Brian E. Naidis Not Dutch

Two other foreigners were arrested the same night as the Americans, Lemcke and Brinson. Upon proving his having no connection with the case, a Britisher who had been arrested was released by the local Chinese authorities. Brian E. Naidis, who claimed Netherlands citizenship, is in the custody of the Hankow Bureau of Public Safety. Later information denies that Mr. Naidis is a citizen of Holland. What action the Chinese authorities are to take in the Naidis case has not as yet been disclosed.

Hankow. Sept. 3, 1935.

Villagers in North Kiangsu Riot—Dispute Over Flood Measures

Trouble which has been brewing for some time broke out recently in an open fight between the villagers of Paihsien, northern Kiangsu, and of Yihsien, southern Shantung, as a result of bitter disagreement over the method of flood prevention in their respective districts. In view of the sharp rise of the Grand Canal and in order to check the invasion of the flood waters of the Yellow River from southwestern Shantung, the people of Paihsien in Kiangsu had built a dam between Whangmoshan and Shengyangshan (Mountain), near the Shantung border. In consequence, the southward flow of the flood waters from Yihsien was stopped and thus the flood situation at Yihsien was aggravated. Enraged by the action of the people in Paihsien, the villagers in Yihsien demanded the demolition of the dam and an open conflict ensued when their demand was resisted.

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N. E. C. Urges Shantung Government to Control Flood Waters

The National Economic Council has dispatched an urgent telegram to the Shantung Provincial Government, requesting that immediate action be taken for the execution of the various resolutions for the control of the flood waters from further spread, as adopted at the recent Yellow River Conservancy Conference. The telegram points out that with the continuous rise of the Weishan Lake and the imminent overflowing of the various smaller rivers in Northern Kiangsu, the flood situation on the Shantung-Kiangsu border has now assumed very grave proportions. The flood waters from the Weishan Lake, the telegram further points out, has already reached the vicinity of the Tientsin-Pukow Railway and is threatening an inundation of the line. In the event of the railway traffic being interrupted as a result of an inundation, the situation would be even worse. Therefore, the telegram urges, the various resolutions, especially those concerning the draining of the flood waters into the proper courses and the dredging of the muddy rivers, should be immediately carried out in order to avoid further aggravation of the situation.

It is learned that the Shantung Provincial Government has formulated a set of proposals embodying the fundamental measures for the conservancy of the Yellow River for submission to the forthcoming Sixth Plenary Session of the Central Executive Committee for discussion and action.

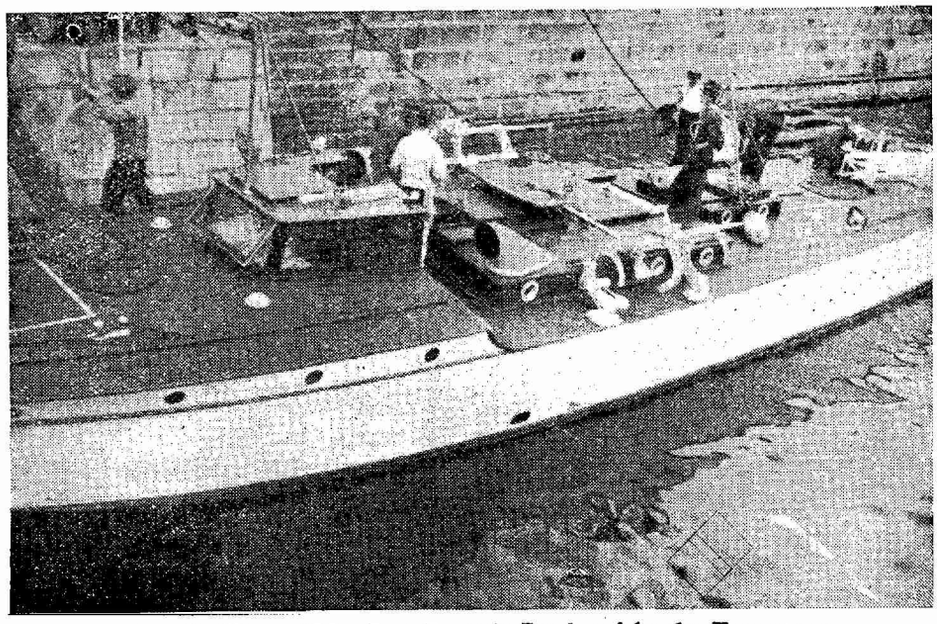
Prominent Y.M.C.A. Workers Return to Shanghai to Continue Work

Hollis A. Wilbur, veteran Y.M.C.A. worker, who served for a number of years on the National Staff of the Y.M.C.A. in China, arrived back in Shanghai on September 2, and will be identified with the National Committee here. Andrew V. T. Wu is a new member of the staff of the National Committee of Y.M.C.A.'s of China which he joins on September 1. Mr. Wu is well-known among American returned students, having taken post-graduate work in Wooster College, Ohio, and Princeton University. Mr. and Mrs. Kiang Wen Han, prominent student leaders of China, returned to Shanghai this week to work under the auspices of the Young Men's Christian Association Pioneer Inter-collegiate Movement which is shortly celebrating the Fiftieth Anniversary of its beginnings in this country. Lu Chih-shan, Student Secretary of the Tsinan Young Men's Christian Association, departed from Shanghai September 3 on the *President McKinley* for a year of study in the International Y.M.C.A. College in Springfield, Massachusetts.

Italy Supplies South China With Small, But Speedy, "Mas" Boats

(BY THE REVIEW'S SOUTH CHINA CORRESPONDENT)

DESCRIBED to be the fastest type of vessels for war purposes, two Mas Boats were recently purchased by the Kwangtung Provincial Government from Italy at a cost of £25,000 or approximately $250,000 (National Currency) for each boat. The purchase was kept a secret until the boats' arrival in Canton. After the arrival of the second boat in Hongkong, the vessel was kept at the British dockyard in Kowloon for about a fortnight and a number of Canton naval officers came down especially to get some first hand training from Italian mechanics on how to manipulate these Mas Boats, which are something new to the Chinese Navy in South China.



Close-Up View of Mas Boat Recently Purchased by the Kwangtung Provincial Government

Some idea of the remarkable speed of this type of boat can be gained from the fact that it took one of these Mas Boats only a little over two hours to reach Canton from Hongkong on a recent trip, whereas ordinary Hongkong-Canton steamers require about seven hours for the same distance.

During previous tests these Mas Boats have attained the fast speed of 49 knots per hour. During a recent test in Hongkong Harbor the boat accomplished 46 knots per hour. During the test a British aeroplane was engaged to make the test more realistic. The test was made at Kowloon Bay, where, despite the presence of some other vessels, the pilot was able to achieve the high speed above mentioned in the company of the aeroplane, which acted for a good distance as its chaser. Sailing on the Mas Boat together with the Italian experts were several Canton naval officials including Commander Tao Yin-yung, head of the technical department of the Canton Naval Headquarters; Commander Liang Hong-nien, chief of the Canton Torpedo Boat Squadron; the Italian Consul-General of Hongkong; Com. A. Bianconi; and a few others. Despite a slight squall and the presence of a few steamers at Kowloon Bay at the time, the test was only three knots below the record time. For this reason the Canton officials expressed their satisfaction at the speed attained.

Most Up-to-date Equipment

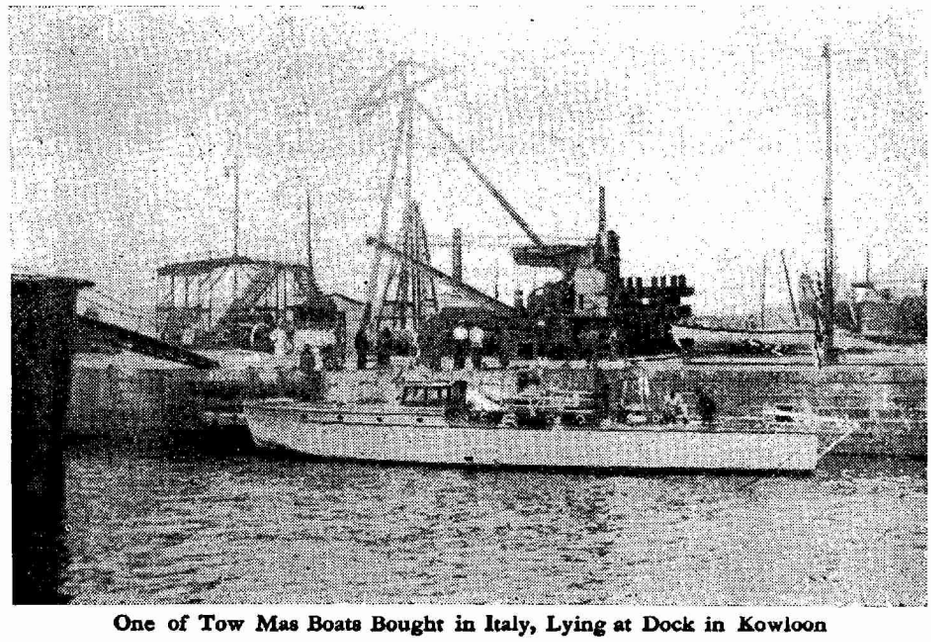
Small in size, the Mas Boats are rather unimpressive to the layman, but they are equipped with the deadliest and most modern war materials. It is a well known fact that during the last European War in 1918 one of these Mas Boats destroyed an Australian battle-ship of 25,000 tons. At that time the Mas Boats were only just invented in Italy and they were only capable of about twenty knots per hour. Started by compressed air and gasoline, the Mas Boat has a gasoline tank capable of holding 1100 gallons. The gasoline can last for one voyage covering approximately 500 miles. The engine has a horse power of 1,600.

In the bow there is a sailors' compartment for about five persons and behind it comes the pilot's room. The engine is in the middle portion of the boat with the commander's room in the stern side. In front of the Commander's room is a small box containing radio set with full equipment for a radio telephone also. When not in use the radio set can be turned up-side-down and it becomes a writing desk for the Commander. The boat itself measures only about fifteen feet wide by fifty feet long.

It was explained to the writer by experts that Mas Boats are excellent as submarine chasers as they are equipped with two torpedoes, two machine-guns on each side of the front part of the boat and also two anti-aircraft guns on each side. There is also a smoke screen which the Commander can readily turn on in the event that the boat is being chased by warships or airplanes. Inside the Commander's room there is bed accommodation for two persons—with similar provisions in the sailors' department. Both Mas Boats ordered by the Canton Government are products of the Fiat Company of ship-builders in Italy.

The Mas Boats will be incorporated with the Torpedo Boat Squadron of the Canton Navy. Part of the money used for the purchase of these boats came from general donations made by Canton Municipal Government officials, teachers and students of the Municipal schools and the public. These donations were made to the Government in 1934, when the Mayor of Canton, Liu Chi-wen, made an appeal to the public for funds to purchase more torpedo-boats.

With the arrival in 1934 of two torpedo boats ordered from British firms and the two Mas Boats, it is the Government's wish to thoroughly reorganize the Torpedo-Boat Squadron, making it as efficient a war department as the air force and river battleships, at the earliest possible opportunity. It is expected that more torpedo-boats may be bought later when funds are available. Sometime this year two students of the Naval School will be selected



One of Tow Mas Boats Bought in Italy, Lying at Dock in Kowloon

smart PEOPLE PROTECT THEIR EYES

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to go to Italy to undertake a year's study of the manoeuvring of the Mas and torpedo-boats.

Government Dockyard Enlarged

Another urgent need for the Canton Navy is the enlargement of the Whampoa Dockyard at an estimated expenditure of about $5,000,000. The naval authorities have had several conferences to discuss the subject and before long the Government will invite tenders for the reconstruction of the present Whampoa dockyard, making it a gigantic dock with a frontage of 1,000 feet on each side. Construction will begin almost immediately and it will take several months for its completion. It will be recalled that the Whampoa Dockyard in Canton was first built during the Ching Dynasty, but during the ninth year of the Republican Government when Mok Wing-sun was *tuchun* here he removed much of the machinery to his native Province, Kwangsi. Under the administration of General Li Chi-sen some five years ago the reconstruction of the dock was discussed, but owing to the necessary expenditure of such an enormous sum as $3,000,000 the project was dropped.

Canton's Air Defence Scheme

Meanwhile $1,000,000 has been raised by the Municipal Government to re-arrange the main electric switches, so that the city can be completely darkened at night in the event of an aerial attack. Other measures include the construction of adequate shelters for air raids, fire brigade emergencies and first aid provisions. The total cost of anti-aircraft guns and equipment will be about $5,000,000. The battery of Vickers-Armstrong anti-aircraft guns has now been placed under the command of Colonel Kao Han-chung, an expert in handling anti-aircraft guns.

While Kwangtung is devoting much time to increasing the fighting air units and gunboats, the Kwangsi Government is equally alert over the necessity for maintaining strong defence plans. A school for training air pilots was opened at Kwangsi and many new machines were bought.

The high efficiency of the Kwangsi Air Force was recently demonstrated when they carried out successful air manoeuvers day and night over Nanning, the provincial capital. With a half hour's notice planning was cleared of all citizens, who took refuge in the underground shelters. Fifteen machines took part in the manoeuvers, the defending planes being marked with a white mark and the attacking planes with red marks. Smoke screens were put up over the Government buildings, military headquarters and other important points. Quite a large number of mock bombs were dropped. These were composed of bags which contained some white powder and were supposed to be of about the same weight as an ordinary bomb. Bamboo matting structures specially erected in different parts of the city for the same purpose were set on fire to give the firemen an opportunity to try out their ability. The attack lasted for about an hour and then the attackers, pursued by the defending machines, made off in the direction of Liuchow.

Border Demarcation by Anglo-Chinese Committee to Begin Next Month

According to information from Nanking diplomatic circles, the work on the border demarcation between Yunnan and Burma is scheduled to be started in the middle of next month. The Border Demarcation Committee composed of representatives of the Chinese and the British Governments, it is learned, has decided upon the following measures for the survey of the border territory:

(1) To conduct a survey on the border territory between China and British Burma.

(2) To draw maps of the land concerned, giving topographic details.

(3) To make investigation into the local customs and habits of the inhabitants on the border of the two countries.

When the work of collecting the data necessary for the border demarcation is completed, the representatives of the two countries, together with British and Chinese technical experts, will proceed to Kunming, provincial Capital of Yunnan, where they will hold meetings to exchange views. However, it is learned, formal negotiations for the demarcation will take place at Nanking.

Press Campaigns in Russia, Italy and Germany

(*From the Manchester Guardian*)

Russia, Italy, and Germany once had high standards of journalism. Their newspapers were full of life, interest, and ideas. Even Tsarist Russia had what was a free press when judged by present Russian standards. But rational revolutions have robbed the newspapers of all these countries of their quality as well as of their independence. They are now, without exception, instruments of despotism at home and aggression abroad. All these countries are in a permanent condition of militant fervor; they always have to be attacking someone, if not with arms, then with words. That someone is usually some other country.

Americans Are Advised to Adopt a Policy of Farsightedness in Far East

BY C. Y. W. MENG (孟長冰)

RECENTLY, there were two events relating to the Far Eastern situation which have aroused great attention among Chinese observers, one being the possible severance of diplomatic relations between America and Russia, and the other the pending visit of John N Garner, U S Vice President, to Japan

Reasons for the Roosevelt-Litvinoff Agreement

Students of current events will remember that there were many reasons behind the Roosevelt Litvinoff Agreement, when the Land of the Almighty Dollar, to the surprise of all, discarded her 16-year isolation policy and entered into negotiations with Moscow, which led to the eventual restoration of diplomatic relations between American and Russia The first reason was of course more or less a selfish one, that is, the opening of diplomatic relations with Russia would be of great economic advantage to America The Americans were then very anxious to dispose of their surplus agricultural products and were most eager to seek for a good market abroad At the London Conference, a timely offer to buy American surplus products made by M. Litvinoff at last induced the Americans to discard their non-recognition policy

But there was another reason behind the Roosevelt Litvinoff move which had to do with the Far Eastern situation created by Japanese aggression in China At the end of 1933, the invaders had not only occupied Manchuria but also North China The invaders had so completely settled down in the newly acquired territory that Moscow began to worry about a further Japanese advance across the Manchuli border and realized that the invaders had now gained a paramount position in the Far East so that it was no longer possible or advisable for Russia to fight with Japan alone The same situation also worried the Americans because the "balance of power" in the Far East was being destroyed by Japanese militarism and aggression The Americans further realized that after the defeat of Russia at the hands of the Islanders, the Japanese would sooner or later challenge America The earnest desire of the Americans to maintain the balance of power in the Far East and strong intention to ally herself with some one to meet the Japanese advance on the Asiatic Mainland caused a "capitalistic nation" and a "communistic nation" to come together

Thirdly, previous to the Russo-American accord, America attempted to seek Anglo American co operation to deal with the situation in the Far East, but without success due to London's "riding on the fence" and its policy of being "friendly to all" So Washington turned her attention from London to Moscow

Significance of Roosevelt-Litvinoff Move

In the meantime, through the "Yen (Dr W W Yen) Litvinoff Agreement," Sino-Russo diplomatic relations were also restored At one time, it looked as if America, after failing in seeking Anglo American co operation, might succeed in seeking, Russo American co-operation, and that China might succeed in seeking Sino-Russo co operation in dealing with the situation in the Far East It looked as if Russo American co operation and Sino-Russo co-operation would ultimately lead to Sino Russo-American co-operation to save the whole situation in the Far East! This situation certainly worried the Islanders! Since then the Japanese have posted no less than "5,000 detectives" in the neighborhood of the American and Chinese embassies in Moscow to watch closely and attentively the movements of the American and Chinese diplomats As reported by observers from Moscow, it was "almost impossible for Chinese diplomatic officials to meet Amerian diplomatic officials" and any ordinary courtesy or social calls exchanged between American or Chinese or Russian diplomatic officials were regarded by the Japanese detectives as of great "diplomatic significance" and were quickly reported to Tokyo military headquarters for attention That the Islanders had attached much significance to the restoration of diplomatic relations between America and Russia, and between China and Russia, and had worried much about possible Russo-American or Sino-Russo co-operation goes without saying!

It must be, however, admitted that the Roosevelt-Litvinoff Agreement is more a failure than a success Economically, the Russian purchase of surplus American products was conditioned upon the lending by America to Russia of huge loans for reconstruction purposes, but this was again conditioned upon the "liquidation of the Russo American debts"—a problem which, after two years of negotiation, is still pending today So the American hope to dispose of surplus products after the restoration of Russo-American diplomatic relations remains unrealized Diplomatically, due to the sudden rise of Germany, Moscow began to worry more about her "western frontiers" than the situation in the Far East, to worry more about the Ukraine than about Manchuli or Russian Outer Mongolia Moscow had at last changed her "firm" policy to a "soft" policy towards her rival in Asia and Moscow regarded the Far Eastern situation as of "secondary importance" So Moscow agreed to give up the C E R (Chinese Eastern Railway) inspite of China's bitter opposition and protests, and China had to content herself with the hope that Russia might now turn her attention to Sinkiang (Chinese Turkestan) in north west China So the American policy of seeking Russo American co operation to maintain the balance of power in the Pacific also remains unrealized At the same time, partly due to Japanese military pressure and partly due to the Chinese policy of "compliance" and "submission," the restoration of Sino Russo diplomatic relations also did not turn out to be of any diplomatic significance

The fact is that though the Roosevelt Litvinoff and the Yen-Litvinoff moves did not live up to our expectations, which is largely due to the change in the situation in Russia and China, the significance of the moves remains the same The 5,000 Japanese detectives are still being posted in the neighborhood of the American and Chinese embassies in Moscow It is because the Islanders believe that at present, Russo-American or Sino-Russo moves might not have the opporunity to materialize, but might take some definite shape in future Indeed, the Far Eastern situation, which is pregnant with every possibility of danger, offers every chance to Sino-Russo-American co-operation to translate itself into reality! Then the simple question is. Why does America neglect so significant and useful a move and commit such a blunder as to put away all hope for the materialization of such a move by severing diplomatic relations with Moscow?

"Joining with Russia" and "Preventing Communism"

It seems to us that most diplomats and states in the world today do not make a distinction between "opening diplomatic relations with Russia," or, in other words, "joining with Russia" (連共), and "preventing the ingress of communism" (防共), and do not come to a conclusion that joining with Russia does not necessarily mean the acceptance of communism and that joining with Russia does not necessarily prevent one from suppressing communist propaganda and that preventing and suppressing of communism does not necessarily require the severance of diplomatic relations with Russia!

China committed this blunder before After the "raids" on the Russian consulates when China had evidence in hand about communist activities in China, China broke with Russia She even went to war with Russia The result is that China, having two neighbors, made enemies of both! China never realized the importance and necessity of making friends with the most friendly one of the two In the time of crisis, China found herself entirely isolated Instead of approaching the nearest, Moscow, for assistance, China appealed to far distant Geneva for justice Even up to today, most Chinese leaders in the government still characterize the joining with Russia as the "poorest policy 下策" It is just because the Chinese leaders do not realize that joining with Russia and preventing communism are two different things and that the two could take place at the same time China could take a step forward by cultivating more friendly relations and an "understanding" with Moscow without fearing communism!

Dr Chiang (蔣廷黻), now on the faculty of Tsing Hwa University (founded by the return of the American Boxer Indemnity), after his around the-world trip, in his article on "Conflicting Europe" (see the *Independent Review*, edited by Dr Hu Shih, No 165) when he explained the general situation in Europe and the policy of its nations, concluded that at present Russia is not so vigorous as before in conducting communist propaganda in other countries This, as pointed out by Professor Chiang, is not due to the fact that Russia has abandoned her agitation of world revolution, but rather that Russia realizes that the coming of world revolution depends on political and economic conditions in her own country Formerly, those who believed that the best way to prevent communism was to have no contact with Russia now believe that the best way to prevent the coming of communism is to stabilize one's own internal social and economic conditions "To have diplomatic relations with Russia and to prevent communism are not contradictory to each other," said Professor Chiang "Politically," continued the Professor, "Russia wants to maintain communism, but diplomatically, she is no different from the other capitalistic nations Russia is now employing the diplomacy of capitalistic nations to deal with the capitalistic nations"

Possibly Mistaken Move

As stated above, China suffered terribly from her short-sightedness when she broke with Russia Will our Sister Republic also commit the same mistaken move? Do the Americans not know that so long as political and economic conditions in the U S A. are fairly stable, there is no need to fear communism? Do the Americans not know that preventing or suppressing of communistic propaganda does not necessarily require the severance of diplomatic relations with Russia?

74-024

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When America announced her intention of severing diplomatic relations with Moscow, Japan lost no time in also lodging protests with Moscow, which called the attention of the Soviet Government to an "apparent breach of its promise to refrain from sponsoring communist activities harmful to this country." (see Rengo report from Tokyo dated August 26). But the underlying motive of the Japanese protest was to express their support of the American action and to "hope" for the actual break-off of diplomatic relations between America and Russia. The Islanders who have always been worrying about possible Russo-American co-operation, as the result of the restoration of diplomatic relations between the two countries, which might block the Japanese advance on the Asiatic Mainland, feel very joyful when they learn that there is a possibility of a Russo-American break-off. The Islanders will take steps to encourage the Americans to take such action, so that they will be able to fish in troubled waters! So when Washington takes such step, it is a "mistaken move" on one hand; and it becomes a "laughing-stock" to the Japanese military headquarters on the other!

Another Possibly Mistaken Move

Secondly, as stated above, Mr. Garner, the American Vice-President, is to visit Japan on his way to the Philippine Islands; and whether His Excellency will also visit Nanking to interview the Nanking officials, we do not know at present, but should His Excellency actually visit Japan and interview Tokyo officials, such as Hirota, etc., without paying a similar visit to Nanking to interview officials such as Wang Ching-wei, etc., we could not but consider it as another "mistaken move" on the part of the Americans!

There is no denying the fact that Mr. Garner must have an important mission to the Far East. He does not come alone, but with about 100 other congressional leaders, high officials and other experts, including Mr. Cox, chief of the Bureau of Insular Affairs; Senator Burton K. Wheeler, of the Silver Committee; Senator Gerald P. Nye, Chairman of the Committee to Investigate Munitions; General George H. Dern, Minister of War; and General Douglas H. McArthur, Chief of General-Staff; etc. This is the first American official mission headed by a high executive and composed entirely of high officials and experts ever sent to the Far East in the history of the U.S.A.!

While it is not possible as yet to know exactly the nature of the "Garner Mission" to the Far East, we believe President Roosevelt's purpose is to make a thorough study of the Far Eastern situation on the spot through the different experts; and to make reports and recommendations to Congress. So after a couple of months, we may witness some change in the present American Far Eastern policy, or formulation of a new American policy. The Chinese are fully aware that Mr. Garner, Senator Joseph Taylor Robinson and Senator Huey Long, who are to visit the Far East, are three influential leaders in Congress. They wield much influence in every resolution adopted in Congress. So with the American Far Eastern policy this time!

But the simple question is: Without visiting both Nanking and Tokyo, how could they make a fair, first-hand study of the situation? Without seeing the "China of today," our Americans officials might still imagine that China is no different from that in the time of Boxer uprising! Without interviewing Chinese officials, how could they arrive at a fair conclusion as the basis of their recommendations? If the American officials interview only the Tokyo officials, what they would hear would be "China is not a organized state," "Sovietized China," etc.; but they would not hear about "militarized Japan—the world's great evil" etc.—so much condemned by public opinion in this part of the world today!

A Change of American Policy to Farsightedness Demanded

In inviting and welcoming our distinguished visitors to visit us, we hope that they will make a thorough and impartial investigation of the situation in the Far East, believing no words from one-sided story tellers, but paying attention to public opinion in this part of the world. This is particularly important because what they will recommend will have much influence in the formation of future American policy. The present moment is particularly critical, because American—Far Eastern policy which has been very unsatisfactory in the past is now in the making. Secondly, we hope our American officials will make recommendations to Congress, and in addition, will exercise their influence to form a new American policy in the Far East, changing from mere "lip-service" to "substantial assistance to China"; from "timidity" to "boldness"; from "bowing down before Japanese might" to "standing erectly for justice," not only for the maintenance of the balance of power in the Pacific, but more for upholding justice and the sanctity of the "Nine-Power Treaty" of which the U.S.A. was the author. Anything less than this would not satisfy the 450,000,000 Chinese! Lastly, we hope our Sister Republic will commit no more "mistaken moves" but adopt a policy of "farsightedness."

Nanking, August 31, 1935.

74-025

Okura Interests Resume Activity in Manchukuo

Considerable interest is now being directed by financial and industrial circles in Japan to the resumed dctivities of the Okurai Kumi Gomei Kaisha, Okura & Company (unlimited partnership) in developing the economic resources of Manchukuo, Mongolia and North China. Following prolonged study of the new situation in Manchukuo, Mongolia and North China, the executive officials of the Okura Kumi have formulated recently various new plans for the industrial development in the territories, some of which have already been rapidly under way. It is reported that, during his long sojourn in the territories which extended from January to July this year, Mr. Shimizu, head of the China Department of Okura Kumi, negotiated with officials of Manchukuo, the South Manchuria Railway Company and the Kwantung Army authorities regarding the new enterprises.

The Okura interests formerly held vast concessions in Manchuria and North China which they acquired from the former Chinese military power and had spent many millions of yen for industrial undertakings in the region, but lost major portions of the concessions after the outbreak of the Manchurian incident. During the past three years, the activity of the Okura interests have been limited to Japan proper.

It seems now that the well-known Japanese industrial concern has recommenced its activity in Manchukuo and North China. Particular attention is called to the new enterprises of the Okura Kumi in Norh China, where the company has been acting as pilot for Sino-Japanese economic cooperation. The principal new undertaking of the Okura Kumi in Manchukuo, Mongolia and North China include the following:

Daimo Koshi (Great Mongolian Company): is capitalized at Yen 500,000, and has its headquarters at Hsinking and branches at various important points of Manchukuo and Mongolia. The business of this company is to monopolize commerce between the two countries on a barter system. The company is fully protected by the military authorities of Manchukuo, on condition that the company will offer its profits for the economic development of Manchukuo.

Reorganization of the Pensihu Iron Works: This noted iron works which has existed for many years has recently been reorganized and transformed into a Japanese-Manchurian joint company. It is capitalized at Yen 12,000,000, of which the Okura Mining Company has invested Yen 7,200,000. The company will set up a steel plant in the near future at which pig iron produced at the iron works will be used for the manufacture of special steel materials.

Pensihu Clinker Cement Company: incorporated under laws of Manchukuo and is capitalized at 3 000,000, fully paid-up.

Pensihu Coal Company: The Okura Mining Company holds more than 50 per cent of the total shares in this company, while the remainder is distributed among the Asano, the Shibusawa and Furukawa interests.

The Okura Mining Company has also decided to organize several other coal and gold mining enterprises in Manchukuo in cooperation with the Manchukuo Mining Company, which was formed recently under the provisions of the Mining Law of Manchukuo. The other plans of Okura Kumi in Manchukuo are the proposed Manchukuo Gun Powder Compony, an extension of the Fengtien Tramway Company, the Nissin Soy Company, the Daido Forestry Industry and the Japan-Manchukuo Pulp Company.

In North China, the Okura Kumi is now attempting to reorganize its various enterprises, including a leather manufacturing company, a spinning company and a coal mining company. On the other hand, a plan was announced by the Okura Trading Company that it will start sales of agricultural machinery and implements in Shansi and Hopei provinces in order to assist farmers in those regions in recovering from the prevailing depression.

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Sino-Japanese Telephone Service Zone to Be Extended

Through telephone service, now available between North China cities and Mukden, under the Tangku Truce Agreement, will be extended to Hsinking and to Harbin beginning Oct. 1, Col. Yoshiharu Takeshita, representative of the Special Service Division of the Kwantung Army in Shanhaikwan, announced in Tientsin, Sept. 2. An agreement to this effect was reached between him and the Chinese authorities while discussing measures to settle the telephone rates between North China and Manchukuo points.

While hailing the extension of the service as a sign of progress in Sino-Japanese amity, Col. Takeshita remarked that every point both in China and in Manchukuo should have been connected by means of through telephone facilities even without the Truce Agreement, in view of the mutual benefit the service confers upon the people in both states.

Referring to the reported refusal of the Chinese authorities to accept telegrams in Japanese "kana" characters, Col. Takeshita said the attitude of the Chinese, who already accepted telegrams in Roman letters, was regrettable. In Japan, Chinese telegrams in numerals are accepted for the convenience of Chinese residents, provided the address is given in either Romanized Japanese or in "kana," he added.

S.M.R. to Exercise Care in North China Enterprises

A definite assurance that the South Manchuria Railway Company would not embark on any enterprise in North China which might endanger the concern's other activities was given Aug. 28 by Miki Obuchi, manager of the firm's branch in Tokyo, to representatives of a Japanese banking syndicate. At present the Company's activities in connection with the projected participation in the economic development of northern provinces are confined to investigations, in collaboration with the Japanese military authorities in Tientsin, he explained. The syndicate's representatives reportedly gave their approval to the extension of the previous limit for the flotation of the Company's debentures from Yen 140,000,000 to Yen 170,000,000. The S.M.R. requested the extension in view of its need for funds for repairs and reconstruction of the North Manchuria Railway, which was placed under the management of the S.M.R. after its transfer to Manchukuo ownership. Other construction work in progress, Mr. Obuchi told the bankers, required additional funds.

Mr. Obuchi vigorously denied the reports of the reorganization of the firm, declaring that no scheme affecting the economic structure of the organization was being considered either here or in Dairen. This, he said, was stressed on several occasions by Yosuke Matsuoka, the new President of the concern.

While a hundred soldiers guarded against a possible bandit attack, construction gangs in the night of Aug. 31, changed the Chinese Eastern Railway's wide gauge line between Changchun and Harbin to a standard American gauge track without incident. The task took three hours to complete Trains now travel direct between Dairen and Harbin without the usual interruption at Changchun.

Matsuoka Reports Agreement with Minami

Returning from his week-end visit with Gen. Jiro Minami, commander in chief of the Kwantung Army and concurrently Japanese Ambassador to Manchukuo, Yosuke Matsuoka, new president of the South Manchuria Company, declared in Dairen Sept. 2 that he had reached a complete agreement with the supreme Japanese official in Manchuria. "I obtained a complete understanding of what the Kwantung Army thinks should be done, while Gen. Minami appears to have come to a full realization of what my views are in these was incorporated the attitude expressed by financial circles in Japan," Mr. Matsuoka said. The new president denied that the condition of the Company warranted concern.

Sir Reginald F. Johnston Due in Hsinking on Sept. 21

Sir Reginald F. Johnston, former tutor to the present emperor of Manchoukuo, is due in Hsinking on Sept. 21. He will arrive in Dairen from Japan on Sept. 9.

During his stay in Hsinking, Sir Reginald is expected to be received by his erstwhile pupil, after which he will probably return to England by way of Shanghai and Singapore. Sir Reginald arrived in Japan on Aug. 24.

Soviet Press Eulogizes Barbusse

The Soviet press published a number of articles and obituaries devoted to Henri Barbusse, famous French writer who died last week in Moscow. *Pravda* commented:—"The toiling masses of the USSR mourn the death of Barbusse, writer and internationalist and express their comradely sympathy with the French toiling masses. The road which Henri Barbusse trod was the best and most honest. He was endowed with social sensitiveness representative of the West European intelligentsia. Having absorbed the best part of the past and present culture of humanity, he was one of the first to realize the menace to world culture of Fascism and therefore, he, who so energetically and ardently worked for world culture, indefatigably fought against Fascism.

Soviets Build New Oil Cracking Plant in Saratov

A new cracking mill which has been constructed at Saratov, has eight cracking plants with a capacity of 1,200 thousand tons of crude oil per year.

PEIPING-LIAONING RAILWAY

ABRIDGED TIME TABLE

1st July, 1934 and until further notice.

Down Trains										Up Trains							
41 Slow D 1 2 3	301 Ex. S D 1 2 3	1 Ex. S D 1 2 3	305 Ex. S D 1 2 3	23 Fast D 1 2 3	5 Ex. D 1 2 3	21 Ex. S D 1 2 3	3* Ex. S D 1 2 3	MAIN LINE STATIONS		302 Ex. S D 1 2 3	22* Fast D 1 2 3	42 Slow D 1 2 3	4 Ex. S D 1 2 3	24 Fast D 1 2 3	2 Ex. S D 1 2 3	306 Ex. S D 1 2 3	6 Ex. D 1 2 3
5.45	15.05	8.45	18.50	13.15	16.30	20.15	10.55	dep.	Peiping - - - arr.	10.24	11.29	17.55	18.42	23.17	9.18	8.19	11.50
6.20	15.36	9.13	19.20	13.46	—	20.48	11.24	,,	Fengtai - - - - dep.	9.54	10.55	17.21	18.15	22.48	8.47	7.49	—
7.45	16.40	10.21	20.26	15.01	—	22.08	--	,,	Langfang - - - ,,	8.50	9.26	15.43	—	21.34	7.45	6.43	—
9.16	17.50	11.28	21.39	16.30	19.07	23.38	13.32	,,	Tientsin Central ,,	7.40	8.03	14.14	16.05	20.11	6.39	5.30	9.15
9.25	17.59	11.36	21.48	16 39	19.15	23.47	13.40	arr.	Tientsin East - dep.	7.30	7.50	14.00	15.55	20.00	6.30	5.20	9.05
9.35	18.20	11.50	22.20	16.55	—	24.00	13.50	dep.	,, ,, arr.	7.05	7.36	13.46	15.40	19.50	6.15	5.50	
10.38		12.47		18.03	Stop	1.10	14.47	,,	Tang-ku - - - dep.		6.31	12.46	14.45	18.51	5.11		
11.46		13.45		19.08		2.18	15.40	,,	Lu-tai - - - - ,,		5.26	11.41	13.48	17.43	4.08		
12.52	FOR SHANGHAI	14.42	FOR PUKOW	20.11		3.32	16.39	,,	Tang-shan - - ,,	FROM SHANGHAI	4.15	10.30	12.50	16.37	2.58	FROM PUKOW	
13.39		15.17		20.47		4.20	17.14	,,	Ku-yeh - - - ,,		3.30	9.44	12.18	16.05	2.16		
14.29		15.49		21.21		5.12	17.46	,,	Lanhsien - - - ,,		2.32	8.45	11.39	15.22	1.18		
15.32		16.31		22.11		6.18	18.28	,,	Chang-li- - - - ,,		1.29	7.40	10.58	14.37	0.19		
16.16		17.04		22.46		7.07	19.01	,,	Pei-tai-ho - - - ,,		0.39	6.54	10.27	14.00	23.31		
16.43		17.23		23.08		7.33	19.20	,,	Chin-wang-tao - ,,		0.01	6.25	10.04	13.35	22.59		
17.05		17.40		23.26		7.55	19.37	arr.	Shan-hai-kwan - ,,		23.30	6.00	9.45	13.15	22.30		
		18.40						dep.	,, arr.						21.26		
		16.25						arr.	Shenyang dep. (Mukden)						10.15		

S. D.—Sleeping and Dining Cars. D. Dining Car.

Refund of Fares :— Passengers must get Station Master to endorse ticket in connection with which they intend to claim refund.

No. 3 and 22* Temporary suspended.

Tientsin, 1st July, 1934.

BY ORDER.

The "New Life" Weekly Case---A Test of Statesmanship

S. Y. LIVINGSTON HU

I have two purposes in writing this review of the insignificant and commonplace *New Life* Weekly Case, namely, to expose the over-sublime hollowness and infirmity of Japanese statesmanship, the recklessness of Japanese militarism and the cowardice and the helplessness of Chinese statesmanship in handling this unfinished case. To me as a student of government the editor of the said *Weekly* only mentioned a straight fact by saying that the emperor of Japan was nothing more or less than a figure-head by tradition and inheritance, as is the case in all constitutional democracies of the day—England not excepted. Either Lord Bryce or Lawrence Lowell or some writer of renown in writing on the Constitutional Government of England even said this much: "I would rather be an idiot than to be the king of England" to indicate the feebleness and powerlessnes of the king in any constitutional form of democracy. There is such a situation as color-blindness but it is absolutely impossible not to call a spade a spade. The folly of Japanese statesmanship in handling this Chinese *New Life* Weekly case can be evidenced in more ways than one, among which is its failure to equally punish its own nationals for the recent fiery discussion of the status of their Emperor.

To be a militarily weak nation is miserable and unfortunate enough, but to stand the incidental humiliations and disgrace at the expense of right and self-respect is not only degrading but also self-abusing and thus would invite numerous small aggressions in the future and would further confirm the conviction of the Imperialist Powers that weak nations should be eternally weak and that strong nations should be ever unceasingly stronger. It has been a fact as plain as daylight that Japan has been bullying China to such an extent as to find out the final worth of China as a nation and as a race and as to whether China deserves fair treatment as an equal in her dealings with the aggressor nation. For instance, in the present *New Life* Weekly case, both the plaintiff and the defendant know equally well that the accusor has a very untenable legal case and that he was over-fault-finding; but it is up to the defendant and his country to have a dauntless will not to be cowed but to fight a legal battle at any cost for the innocence of the editor in question and for the justice, independence, integrity and dignity of the Chinese judicial administration at large. Law is no respecter of persons but a lawyer is like a restless sleeper who lies at both ends of the pillow. So I would advise the defendant without hesitation to appeal to the highest court, not for his personal release for the shortening of his imprisonment period, but for the upholding of right against might, for I would rather see him suffer or die for contempt of court than to see him suffer less for the contempt of justice and here again I have to offer my praise and admiration for the Overseas Chinese in Manila and elsewhere in wiring funds to finance a legal battle on behalf of the *New Life* Editor. "To err is human" but to correct is divine for this little much-ado-about-nothing incident, if not wisely handled, will surely go down into our history as an additional earmark of our national degradation and as a fresh evidence of our judicial mal-administration, which in turn would enhance the Japanese military rampancy in China and which would delay the abolition of extra-territoriality in China—to say nothing about paralyzing one of the birthrights of Chinese Democracy, the freedom of speech. It may be that China, as a democracy, is too young to practise that birthright without the restraint and guidance of our own thought-controllers and that of the foreign ones.

Shanghai, August 28, 1935.

Unit System Is Adopted in Shanghai Customs House

The Unit System will be introduced into the Chinese Maritime Customs Sept. 6. It is designed to reduce the circulation of documents, to simplify procedure both for the Customs staff and the public, and to expedite the passing of cargo. Details are given in Customs Notification No. 1463, the full text of which appears elsewhere in this issue of the *Review*. Under the new system, each of the sections in the present Appraising Department will be converted into a self-contained unit in which applications will be dealt with from reception until final release. This will make possible the consolidation on the second floor of the Custom House all the functions involved in passing foreign import, transhipment and bonding applications, with the concentration on the first floor of all export, re-export, interport (inwards and outwards) and Pass Office work. In order to accelerate the passing of their applications through the Customs, applicants are strongly advised by the Commissioner to make out applications in such a manner that they may be dealt with and completed as one Unit. Applications covering goods dealt with by more than one Unit will have to circulate through the office, and some delay will in consequence be unavoidable, it is stated.

Chinese Press Control

BY ANNA GINSBOURG

THE whole system of Chinese Law is being exposed to revision at present. The National Government of China, which undertook a great mission to reconstruct China socially and regenerate it spiritually, with the aim of reviving the nation, has begun a revision of laws by which a new order of life will be inaugurated. On the first of July the New Criminal Code of China was enforced. Simultaneously the revised Codes of Procedure, both Civil and Penal, came into force, as well as modifications introduced into the Civil Code. New Insurance Business Law, Laws of Bunkruptcy and New Press Law were promulgated and their enforcement is expected.

At the present moment the Revision of Chinese Press Law is the point in question and the subject of most heated discussions in Press circles throughout the country. Chinese newspaper publishers and newspapermen of Shanghai, Janking, Peiping and other places are agitating against its final adoption, for there is a general feeling that the new Law is altogether too severe. Even as things stand now, all newspapers and magazines have to undergo a strict further censorship before they are published, and the New Law, still strengthening the system of Press control, may seriously hinder the development of the Press in the country.

The main features of the Revised Press Law are the following:

1 —In the new version of the Code it is stated that: "No newspaper or magazine may be published until an application for its registration has been approved and sanctioned by the *competent local Government organ.* By the "competent local organ" is meant the District Government in the case of a Province and in the case of a Municipality under the direct jurisdiction of the Executive Yuan, Bureau of Social Affairs. This provision in the Revised Law is likely to strengthen the power of local authorities with regard to matters of Press control and, in view of the fact that local administration in China is not always up to the mark, it is very doubtful whether it will exercise its new power satisfactorily. Moreover, it may lead to unnecessary complications with regard to comments on local matters, local authorities being granted the full power to detain publications violating the New Law.

2.—In the second place the regulations governing what news are publishable and what not publishable are too vague. For instance the publishing of reports regarding the private affairs of individuals or families is strictly prohibited by the Revised Law. But private matters may sometimes be of social importance and the tendency to keep all evil things hidden is hardly justifiable. The New Criminal Code handles the same matter very successfully, providing that "no libel shall be deemed to have been committed if the party publishing it can prove that the matter published is true and that its publication is in the public interest."

3. Thirdly, the Revised Law prohibits the publication of the proceedings of court cases heard "in camera" as well as editorial comments on matters "sub-judice," namely before the judgment is rendered. This last provision represents a new restriction. Newspaper comments on certain cases pending in courts are more often a help than a hindrance to administration of justice and sometimes even a stimulant to expression of public opinion.

4 Fourthly, the Revised Law provides that corrections or refutations must be published in full in the newspaper or periodical in the same place where the original article complained of first appeared Although not of a very serious character, this provision, if enforced, would cause the papers to be filled with refutations and counter-refutations and limited space would be left for comments on everyday matters

5 Fifthly, the administrative penalties provided in the Revised Law are too heavy, the severest punishment being imprisonment or detention for a term not exceeding 12 months or fine not exceeding $1000. Moreover, there is no definite provision for appeals against such penalties.

Judged by western standards, the liability of publishers and editors is much too severe. An editor might incur the penalty of long imprisonment for what in England or America, for instance, would be regarded merely as a speculative essay. The problem of liability of editors was raised long ago, after the current Press Law had been enforced The Chinese Press Association of Shanghai applied then for authoritative interpretation regarding the liability of publishers to the highest organ dealing with Press matters, namely, to the Central Executive Committee This enquiry was a sequel to a case in which the editor of a Chinese daily in Shanghai was convicted in court under the ordinary criminal code for the publication of an allegedly improper article. The Central Executive Committee in its interpretation stated "except where civil or criminal liability is attributable directly to the personal actions of an editor or where in the case of more serious infractions the application of other laws, providing for heavier penalties is permissible under Art. 35 of the Press Law, newspaper editors shall as a general rule be liable only to the penalties provided by the Press Law and shall not, except under the special circumstances (?) be punished according to the provision of other laws.

These "special circumstances" referred to as above have no doubt been found lately in the case of *New Life* magazine, Chinese weekly, the editor of which has been made responsible for publishing a contributed article, entitled "Gossip about Emperors" in which there were remarks offensive to the authority and private life of the Emperor of Japan. The *New Life* was suppressed, a ban was placed upon republication of the offending article and the editor and proprietor of the magazine was summoned to the First District Court of Shanghai on a *criminal charge* of libelling the Chief Executive of a Friendly State. Proceedings were taken under Art. 310, (1) and (2) of the New Criminal Code, and he was convicted and sentenced to 14 months imprisonment with no right of appeal.

Although in this incident it is more than evident that "special circumstances" existed, it is common knowledge that incidents like the one just described are not infrequent. According to a report, the correctness of which it is not possible to verify, there were in North China during the year 1934 110 cases of suspension or total suppression of publications, the most frequent offence being he publication of comments against Government officials, opium monopoly, New Life Movement, etc. The same report states 149 books were banned during last year and thousands of volumes destroyed. The scale of these figures is tremendous and illustrates the present state of affairs with regard to Press control in China. The "Freedom of the Press" in China (this term is hardly applicable here at all) is bound by stringent laws and countless prohibitions, breaches of which cause various degrees of trouble.

In December last a joint petition of over twenty leading newspapers in China was submitted to the Nanking Government, which did not ask for abolition of censorship but merely for the following:

1. That no newspaper or newspaper man be punished except according to Law;

2. That censors be required to adhere to Press regulations issued by the Government;

3. That suppressed journals that had not attacked the Government be allowed to resume publication; and

4. That imprisoned newspaper men be brought to legal trial.

This petition was submitted six months ago. We know nothing of the consequences, unless the adoption of still severer Press Laws since then could be regarded as an answer. Probably such will also be the fate of a petition which the united front of Chinese journalists and Press Associations throughout the country are submitting at present to the Nanking Government, urging that promulgation of the revised Press Law be postponed and appealing for its reconsideration by the Legislative Yuan.

Baldwin Government Paves Way for Cooperation with U. S. in Far East

(*From the "Washington Merry Go-Round"*)

One of the cleverest build-ups ever given a public official is being put across for that famous British diplomat, Captain Anthony Eden.

Hardly a day passes that the cables do not refer to the "charming Captain Eden," or "England's new William Pitt," or "the efficient trouble-shooter for the British Empire."

Those whose business it is to steer American foreign policy see in this an attempt to build up Captain Anthony as the new British Ambassador to Washington.

There has been considerable behind-the-scenes talk about sending a new salesman of Anglo-American cooperation. This has been particularly rife ever since the Stanley Baldwin Government assumed office. Baldwin's most definite foreign policy might be summarized as: "Eyes on the Far East."

This is what is behind the sudden naval agreement with Germany. The British have decided to clean decks as far as possible in Europe, get things shipshape in order to concentrate on Japan and China.

India, with its great wealth, its market of 300,000,000 people, is more important to the British than a naval dispute with Germany and Japanese penetration into India already has been considerable. Once Japan bites off China—India is just next door.

What is feared in inner diplomatic circles in Washington and must be feared also in Britain—is a Japanese move in Siberia. Once Nippon takes the Russian oil wells of Saghalien, her ships will have fuel for real operations. Now her fleet must depend on American or Dutch oil.

The U.S. Department is watching this more closely than almost anything else these days. So also are the British.

Thus the question of Anglo-American cooperation continues to be discussed in the hushed offices of the State, War and Navy Buildings and at Downing Street, across the Atlantic.

Captain Anthony Eden may be the super-salesman who will attempt to win America over to that cooperation.

74-028

THE GIST OF JAPANESE PRESS OPINION

There is every cause to justify the present American Government protest lodged with the Moscow authorities against the Soviet Communists' declared plan of action. The Comintern in Moscow ought to be placed under stricter control, if the Soviet authorities would maintain their international faith.—*Tokyo Nichi Nichi.*

The election reform movement seems to be making steady progress in all parts of the country, but only in such a way as might multiply the number of the releasors. In many cases, return of candidates without voting is most likely to be realized. Surely the reform move needs some modification.—*Tokyo Jiji.*

It is but right that the military leaders should have reached an agreement for thorough cooperation towards the united control of the Army. One of the essential factors conducive to such accomplishment is the spirit of mutual reliance between the ranks of the military.—*Tokyo Yomiuri.*

The War Minister's instructions given to Divisional Commanders in an attempt to improve the aftermath of the recent Nagata Affair, were appreciable in the main. The Minister's suggestion, however, to military officers, to keep themselves aloof from society needs reconsideration.—*Tokyo Yomiuri.*

In view of the special position military men generally occupy among the people, particularly in the present time of emergencies, whatever they think and do cannot but seriously affect the citizens. Viewed in the light, the War Minister's instructions now give concern to the public as well.—*Tokyo Kokumin.*

Japan acted quite properly when she invited the British Government's views on her published disarmament policy instead of replying on the latter's proposal for calling the disarmament parley in October. Japan is always willing to take part in such a parley but will never be so entrapped as to shoulder the burdens of its failure.—*Tokyo Miyako.*

One of the recently published works by an American points out the impossibility of an American-Japanese war under any circumstances because among other things of Japan's financial weakness. While Japan never wants to fight with America, her economization of defence seems imperative.—*Tokyo Yomiuri.*

Boycott of U. S. Films Is Threatened in Canton

The possibility of a general boycott being declared in Canton against all American cinema films looms if the deadlock in the censorship tax in said city controversy continues. Cinema owners are seeking the assistance of the Canton Municipal Government and the latter are understood to have agreed to take up the matter with the American Consular authorities. At a joint meeting of cinema owners Sept. 1, it was decided that if distributors of American films persist in their refusal to pay the censorship fee of $3 a reel demanded by the Canton Cinema Censors Board, all threatres will take united action and boycott American films.

It is pointed out that Chinese pictures are becoming increasingly popular, and, with British, German and Russian films to be obtained, the boycott would not cause the theatre-owners much embarrassment.

The controversy became acute some weeks ago when the Canton Cinema Censors Board decided to refuse in future to examine Paramount pictures, which are distributed in China by Paramount Films of China, Inc. This decision had the effect of excluding Paramount films from exhibition in Canton, as cinemas here are not permitted to show any picture which has not been examined and approved by the censors.

The action of the Censors Board was taken on the ground that Paramount Films of China, Inc., refused to pay the censorship fee demanded by the Canton authorities. The film company, however, pointed out that a censorship fee was already being paid to the censorship board at Nanking and contended that the fee demanded by the Canton officials should be paid by the theatres themselves.

Corrupt Officials in Taiyuan Are Punished

Public interest in Taiyuan has been aroused by the discovery of a case of corruption involving the arrest of three officials in that city. For accepting bribes from merchants who contracted for the supply of railway sleepers for the Tatung-Puchow line, running from northern to southern Shansi, Chang Chin-hsin, Counsellor of the Taiyuan Pacification Headquarters and concurrently a member of the Railway Purchasing Commission, has been placed under arrest. Two officials of the Financial Readjustment Bureau of the Shansi Provincial Government, Messrs. Chang Tso-chia and Chang Feng-hsiang, believed to be involved in the case, have also been detained.

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Wang Ching-wei's Resumption of Duties

BY PAUL K. WHANG (王 仲 芳)

WANG Ching-wei, who was said to be adamant in his determination to resign from the posts of President of the Executive Yuan and Minister of Foreign Affairs, has unexpectedly withdrawn his resignation and returned to his posts, thereby putting an end to the recent political crisis precipitated by his resignation. That he should go back to Nanking and resume his offices has caused us not a little surprise, for we had taken for granted that his resignation was very sincere and that no appeals and persuasion on the part of his colleagues could be effective enough to change his determined stand. In this instance, Mr. Wang has proved himself far from being as obdurate and obstinate as his political opponent, Hu Han-min. His flexibility may be the very reason why he could form a political partnership with Gen. Chiang Kai-shek for more than three years, in spite of the noted divergence of their political views on domestic and foreign policies.

Mr. Wang, however, did not withdraw his resignation until he had had several conferences with Gen. Chiang, who specially took the trouble of flying from Szechuen to Nanking to attend to the matter himself. The outcome of these conferences has confirmed our belief that the cause of his resignation was not due to his ill-health, but because of political reasons. The meaning of "fundamental malady", the riddle words used in his message of resignation, are now clear to his well-wishers, who have expressed much anxiety over his delicate health. Political sickness, as a convenient means to escape out of political difficulty, has been very popular with Chinese officials. That Mr. Wang, whose revolutionary spirit has won him many admirers, should also resort to such worn-out official practice is indeed a matter of wonder to many.

Why Wang Changed Determined Stand

To all intents and purposes, Mr. Wang's recent resignation is more or less in the nature of a balon d'essai purposely raised to ascertain Gen. Chiang's true attitude toward him. So long as he can secure full support from Gen. Chiang, he can hold on to his posts notwithstanding the growing opposition to his administration among the Party members and the people. Since the recent North China episode, such misunderstandings might be developed between Wang and Gen. Chiang as to cause the former to suspect that he had even lost the support of the latter. This accounts for the reason why he was so adamant in his determination to resign at the beginning, and totally changed his determined stand after having a few hours of talk with Gen. Chiang. Gen. Chiang, on the other hand, seemed to be fully aware of this situation and therefore took a hasty trip to Nanking to solve a political problem, the solution of which is evidently beyond the power of other high government officials including Chairman Lin Sen himself.

One would naturally ask what would be the result if Gen. Chiang chose to ignore Mr. Wang's resignation? Gen. Chiang, as matter of fact, could very well maintain his attitude of indifference towards Mr. Wang's political move by secluding hismelf as heretofore in Szechuen and refusing to allow political happenings in Nanking to distract his attention from the work of bandit-suppression. Moreover, being a military leader, he could disclaim any interest in political affairs. If that were the case, the Nanking Government would be faced with a very difficult task in finding a new President of the Executive Yuan, because we dare say that aside from Gen. Chiang, no other government leaders either individually or collectively could succeed in persuading Mr. Wang to remain at his posts. Incidentally, the present instance supplies another evidence to illustrate the powerful position of Gen. Chiang in the Nanking Government, although during the past few years he has elected to stay thousands of miles away from the Chinese capital.

It must be acknowledged that to find a successor to Mr. Wang at present would not be an easy task. With the palpable ascendancy of Japanese influence in the Chinese Government, a successful candidate to the post of President of the Executive Yuan must not only be one who could cooperate fully with Gen. Chiang in running China's politics and be popular enough to win the confidence of the people, but he must also be one who would be a persona grata to the Japanese Government. In face of this anomalous situation, Gen. Chiang, no matter whether he is really in complete accord with Mr. Wang's political opinions, has had no alternative but to give his vote of confidence to Mr. Wang, because any new man to succeed him, unless accepted by the Japanese, would in all probability cause further complications in the already very complicated Sino-Japanese situation. During the past three years as virtual Chinese premier, Mr. Wang has lost his prestige among his own people in the same proportion as he has gained popularity with the Japanese as a result of his cautious policy. Now he has succeeded in building up a political position which can not be challenged even by Gen. Chiang himself.

Many foreign observors, in commenting on China's recent political crisis, have voiced their sympathy with the difficult position of Mr. Wang, because, in their opinion he has to bear the odium attaching to the Government's policy toward Japan, while he himself has not had full authority to dictate the policy. In other words, he is nothing more than a rubber stamp. It is, of course, no use to deny the fact that many of our present political decisions have been made in Gen. Chiang's headquarters rather than in Nanking, but to say that he would be willing to follow the dictates of some one else does not appeal to us as logical. If he is really in such a plight, he should have resigned his offices a long time ago. Why should a noted revolutionary leader be content with playing the role of a rubber stamp?

What now interests us is not Mr. Wang's resumption of office, but what promises Gen. Chiang has given to him to induce him to withdraw his resignation. According to the Shanghai *Nichi Nichi*, a local Japanese daily, the agreement between Gen. Chiang and Mr. Wang contains the following points:

(1) That important officials of the Tangpu be given easy positions and be responsible for political affairs in order to prevent them from criticising the Government.

(2) That the activities of high members of the Tangpu and important civilians who are obstructing the policy of the Executive Yuan be suppressed in order to strengthen the power of the Yuan.

(3) That the power of the Central Political Council be reduced because it has been interfering with the affairs of the Exective Yuan, thereby causing much trouble.

(4) That all outstanding questions between Japan and China be solved quickly; that co-operation be speedily sought with Japan in economic affairs; and that a financial policy be decided upon quickly.

Will Not Be "Rubber Stamp" in Future

If there is really such an agreement, Mr. Wang henceforth will be able to do what he likes without interference with his policy either from the members of the Tangpu or from the Central Political Council. Instead of being a rubber stamp, he will run China's political show all by himself. At the time of national crisis, Mr. Wang may have reasons in asking for the extension of his power so as to enable him to cope with the situation with success. We also agree with him that all outstanding questions between China and Japan should be settled speedily, if possible. But in view of his past diplomatic "achievements", we can not help wondering if he will have strength enough to settle all the so-called outstanding Sino-Japanese issues without the need of making further concessions to the Japanese.

What has transpired on the Chinese political stage during the last few weeks is neither a personal triumph for Mr. Wang, nor a political success for Gen. Chiang, but an important victory scored by the Japanese in Chinese political arena. In resuming his posts, Mr. Wang may wield a greater political power than before, but he can not win back the lost confidence of his people unless he changes his policy. In inducing Mr. Wang to withdraw his resignation, Gen. Chiang may be credited with the success of having liquidated a political crisis, but this liquidation is not at all to the liking of his own people. Therefore neither of them can gain any advantage from the present political development. But the return of Mr. Wang to his posts is the very thing which the Japanese have hoped for. While the Japanese are not afraid of the Chinese Government appointing a new President of the Executive Yuan who will pursue a strong policy toward Japan, they, however, seem to like Mr. Wang better than anybody else. The Japanese press in Shanghai and elsewhere has fought a great battle on behalf of Mr. Wang and pressed the Chinese Government to retain his services even with the intimation that the Japanese Government would invite Mr. Wang to lead in independent government to be set up in North China, should the Chinese Government permit him to resign.

It goes without saying that the political position of pro-Japanese officials in the Chinese Government will become a more formidable one from now on. The people may be more vociferous in their opposition to China's weak-kneed policy, and the members of the Tangpu may be more critical in their attitude toward Mr. Wang's administration, but so long as the pro-Japanese officials are backed up by the Japanese, their position is unshakeable. There is likelihood that the Japanese will depend upon them for securing further political and economic concessions from China, while they, in turn, will utilize Japanese influence to strengthen their political position in the Chinese Government. In these circumstances, one can not help looking at the future political outlook pessimistically.

Why an Australian Tourist Cut Short His Visit in Japan

Disagreement between an Australian tourist and the Yokohama Water Police over the amount of reward that ought to be given for the recovery of a lost letter of credit induced him to cut short his visit to Japan.

John Rodger McGrace, an elderly Australian, arrived at Yokohama August 17 accompanied by his wife, after an extended stay in Singapore. They settled at the Bund Hotel and later while shopping on Bentendori Mr. McGrace lost his letter of credit that had been issued to himself by a branch of a foreign bank. The total amount of the letter of credit was £300 and at the time it was lost on Bentendori £240 remained.

Shortly after it was lost, a Japanese found the missing letter of credit and believing that it probably belonged to one of the passengers aboard the new Norddeutscher Lloyd liner *Potsdam*, which was then in port, turned it over to the watchman of the ship. As there was no one on board the vessel of the name of McGrace, the matter was reported to the Water Police.

Meanwhile, however, Mr. McGrace had inquired of the various shops he had visited on his shopping expedition and also reported his loss to the Kagacho and Water Police Stations. At the latter place he was informed that a letter of credit had been found, whereupon Mr. McGrace produced sufficient evidence to prove to the authorities that he was the owner. However, the police explained to Mr. McGrace that in Japan, according to the prevailing custom, anyone who finds money or negotiable documents is entitled to receive a reward from the owner, but as the name of the finder was not known by the police then, Mr. McGrace was asked to wait until he could be identified. Later one Fujinosuke Takahashi, 31, clerk of a silk textile exporting firm in the city, presented himself at the police station, it having been learned that he was the person who had found the letter of credit. In the presence of Mr. McGrace, the watchman of the *Potsdam* and Mr. Takahashi, the officials of the WaterPolice undertook to mediate on the question of the reward, stating that 5 to 10 per cent of the amount lost was considered the usual reward in Japan. As even five per cent would have amounted to Yen 205, according to exchange, Mr. McGrace's ideas of reward did not coincide with those of the officials of the Water Police, Mr. McGrace having pointed out to the officials that his letter of credit was in an entirely different category from actual cash or negotiable bank papers, since it would be valueless to anyone but the person in whose name it had been issued. Finally, in order to settle the matter, Mr. McGrace inquired of the local branch of the bank that issued the letter as to what would be considered a reasonable sum for reward and he said he had been told that Yen 10 or Yen 15 would be sufficient. When informed of this, the Water Police authorities were dissatisfied and in the disagreement that followed, Mr. McGrace left the station without being able to obtain his letter of credit.

Since he was unable to obtain the letter of credit, Mr. McGrace arranged with the bank to have it cancelled. In an interview with a representative of *The Japan Advertiser*, Mr. McGrace said: "I am afraid there has been some misunderstanding on the part of the officials of the Water Police and myself. I do not like to blame the police because of the disagreement over the amount of reward that should be given to Mr. Takahashi, but the percentage as explained by them is too large a sum. No one would be willing to give that much reward for a letter of credit that would be valueless to the person who had found it. Had it been a question of cash or some negotiable paper, I should have been glad to have given even a 50 per cent reward. However, since I have now cancelled the letter of credit, the matter is settled and I am sailing away from Japan on the same steamer that brought me here.

"I do not like to criticize anyone for I must remember that such a law as has been explained to me exists in Japan. However, as the result of the cancellation of my letter of credit, I cannot draw any more money while I am here, so that I have had to give up my intended tour of the country as originally planned. I certainly am glad that I purchased a round trip steamer ticket otherwise I would be at a loss to know how to get the return passage for my wife and myself."

T. T. Li Sees Sino-Japanese Co-operation Possible on Equal Footing

T. T. Li, director of the publicity and information bureau of the Chinese Ministry of Foreign Affairs, on his arrival in Kobe Sept. 2 from Shanghai on a three weeks' vacation was quoted in a *Rengo* interview as having said that all Sino-Japanese problems will be easily solved if the questions are tackled with both countries standing on an equal footing.

"The relations between our countries are gradually turning for the better, thanks to the efforts of General Chiang Kai-shek and of Wang Ching-wei, but China has no intention whatever of recognizing Manchukuo," Mr. Li said. "I believe that this question should be taken up after the problem of economic co-operation and other issues have been settled. At present, we have not even reached a definite policy regarding an economic understanding," he added. Mr. Li then proceeded by train for Tokyo where he was met officials of the Gaimusho.

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Thousands of Miscellaneous Taxes Are Abolished in China

Nearly 5,000 kinds of usurious levies and miscellaneous taxes, estimated at $48,950,000, have been abolished by the Central and local authorities throughout China during the past year, according to Kao Ping-fang, director of the Department of Taxation of the Ministry of Finance, in a report made at the weekly memorial service of the Ministry this week.

Distributed among four hundred million upwards of Chinese population, said Mr. Kao, each person has thus been relieved of about 10 cents worth of exorbitant charges.

In order to fundamentally rehabilitate local finances, opined Mr. Kao, the fiscal budgets of local governments should first be fixed.

In this regard Mr. Kao optimistically reported that so far fiscal budgets for 667 districts (hsien) in China have been established, while 176 others have already served notice with the Ministry of Finance to the effect that their local budgets are being prepared.

It was the belief of Mr. Kao that the fixation of the local budgets throughout China would be realised very shortly.

While admitting that a retrenchment policy is imperative in order to lessen the financial burden of the people, Mr. Kao said that the revenue of local treasuries must be swollen in order to sufficiently meet the future needs of the district governments.

In order to accomplish this, Mr. Kao knew of no better way than to straighten out the land tax, which constitutes the main sources of revenue to the local treasuries.

With this in mind, stated Mr. Kao, the Ministry of Finance has proceeded to sponsor a program of farmland registration. This, in the opinion of the Ministry, is the best way to tackle the financial stringency of the local governments.

To test the workability of the scheme, continued Mr. Kao, the Ministry of Finance has chosen the Tangtu district (hsien), Anhwei, as an experimental district. Results of the experiment, according to Mr. Kao, are highly satisfactory.

The farmers in Tangtu, said Mr. Kao, are now required to pay only 19.2 cents surtax for each mow of land whereas they had to pay as much as 36 cents before the experiment. Comparing with the average rate of taxation during the past seven years, the land tax surcharge has been reduced by a little less than 44 per cent.

Mr. Kao made it clear that the reduction of surtax imposition has in no way affected the Tangtu treasury. Rather the Tangtu local government has effected an extra income of more than $110,000 annually.

As a result of the satisfactory results obtained from the experiment at Tangtu, similar farmland registration will be introduced in Kweiteh and Shenchow districts (hsien) of Honan. If equally satisfactory results are obtained in these two places, said Mr. Kao, the program will be enforced throughout China.

Shanghai Military Uniform-Making Concerns Are Busy

Because of the huge demand for the supply of clothing for China's soldiers, the military uniform industry, valued at upwards of $10,000,000 a year, is one of the few in China which has felt no ill-effects of the depression. The industry of military uniform tailoring was started in Shanghai at the close of the Ching dynasty. The first one established was known as the King Yue Kee Military Uniform Factory, in Ziccawei. With competition unknown then, the business of the factory rapidly prospered and consequently profits were substantial.

In 1916 Wa Lee Tailoring Co. entered the business. Shortly after, there came Chong Shing & Co. with a large capital and an impressive and well-equipped plant on Paoshan Road. Owing to the large stock it carried and to the speed with which it executed orders, the development of this company was particularly rapid.

Many other firms were later seen to join the business, and with the growth of competition, the business of the pioneer King Yue Kee started to lose ground.

When the Nationalist Army started its northward march in 1926, the Sun Yat-sen style of uniform came into vogue and grew in demand. Although this uniform entailed more work, charges remained practically stationary, thus the tailors began to experience difficulties. The wages of the master tailors, formerly more than $4 a day, were subsequently reduced to $2. In spite of these facts, the number of tailor firms continued to increase, and today there are more than 40 uniform tailoring shops in Shanghai.

The large firms, like Chong Shing and Wa Lee, are each capitalized at more than $100,000 and possess around 100 sewing-machines, which have a daily output of 1,500 uniforms.

Of the smaller firms, there are 17, each of which is capitalized at from $40,000 to $80,000 and is equipped with 20 to 40 sewing-machines, each capable of producing 15 uniforms a day. The yearly turnovers of these companies range from $200,000 to $600,000.

Besides these two classes of firms there are yet others, the work of which is temporary in nature. They are all very small and work irregularly.

Japanese Finance Ministry Accepts Cut on Interest on Funds Loaned to China

Payments to the Deposit Department of the Japanese Ministry of Finance on its share in the loans made to China by the East Asia Industrial Company have begun to pour in at the rate of Yen 830,000 to Yen 840,000 a year under a new service arrangement. These amounts represent a ten-fold increase of what the Department was receiving up to now.

Under the reform plan, the Ministry will receive 3 percent interest on the amounts which it loaned the Company for advance to the Chinese government, instead of the 5 and 6 percent rates agreed to originally.

This step, adopted by the loan committee of the Deposits Department in July, is in line with the attitude of the non-official creditors of the East Asia Industrial Company to facilitate the redemption of defaulted Chinese loans. The non-official bank agreed to reduce accumulated interest to the of size the original loans and to secure service on that basis.

While the Department was unable to do this because of regulations, the interest rate was reduced uniformly to 3 percent with the agreement that the redemption payments would take precedence over interest payments.

Involved in this arrangement are the Nanchang-Kiukiang Railway Loan, the Second Telegraph Loan and others, which total about Yen 15,000,000.

The redemption process, agreed upon by East Asia Company officials and Chinese government representatives in July, was said in a *Rengo* message from Tokyo Sept. 2 to be proceeding satisfactorily.

National City Bank Says U.S. Silver Policy Has "Punished" China

The National City Bank's monthly review, made public in New York, Sept. 1. commented on the Government's silver program saying, "the United States has the bear by the tail and dare not let it go. Having got silver up to levels shutting off the natural demand, the United States must keep on buying to hold it there.

The report offered the opinion that the United States had two alternatives in continuing the silver policy, first, to moderate the "policy under which the Treasury should absorb all silver offerings, or secondly, to boost the price rapidly toward $1.29 an ounce and thereby run the risk of being swamped with foreign silver.

By raising the price of silver and sucking in supplies of the metal from all corners of the globe, the United States has encouraged the use of other metals in the arts and coinage, has driven country after country from silver money to paper money and has inflicted the most severe punishment on the one great country which is still loyal to silver as the standard of money—China," the review observed.

British Money to Develop Chinese Coal Mines

A loan agreement for some millions of dollars was signed by Chen Kung-po, Minister of Industry, representing the Chinese Government, Dr. C. T. Wang, former Minister of Foreign Affairs representing the Chinese Mine Owners' Association and W.R.B. McBain, manager of the McBain Imports, Ltd. on Aug. 25, at Nanking, according to a Shanghai dispatch in the *Ta Wan Pao*, Aug. 26.

Shantung to Be Developed as Cotton Spinning Center

The development of Shantung by Japanese spinners into a vast cotton goods manufacturing zone rivalling Shanghai is forecast by the Tokyo *Chugai Shogyo*, leading commercial daily in Tokyo. According to said newspaper, Japanese industrialists are paying particular attention to the development of the peninsula, which is held to have a great future as a cotton-growing region. Increases of from 500 to 1,000 spindles are being ordered at the six Japanese mills already in operation in Tsingtao, the newspaper added. Significance is attached by the daily to the order issued on Saturday by Gen. Han Fu-chu, chairman of the Shantung Provincial Government, disbanding all Kuomintang organizations through the province, assertedly on "grounds of economy." Observers here believe that Gen. Han took the step so as to prevent complications with Japanese authorities in view of the possible influx of Kuomintang anti-Japanese agitators, who were removed from Hopei following the recent "purge" carried out at the instance of the Japanese military.

Increasing Sino-Japanese Trade

Chinese exports to Japan rose considerably this month, more than 38,000 tons of commodities having been transported by Japanese to Japan—an increase of about 23 per cent as compared with last month.

Japanese exports to China are also increasing rapidly. On Aug. 25, about 1,800 tons of sugar arrived in Shanghai from Japan, greatly exceeding the amount of sugar shipped at the end of last month and even in the beginning of this month.

The imports which are rapidly increasing include: sugar, metals, and machinery.

Shanghai-Canton Radio-Telephone Service to Be Inaugurated Oct. 10

The projected radio-telephone service between Shanghai and Canton is expected to be formally inaugurated on October 10, China's Independence Day. All necessary machines for the radio-telephone station at Canton are reported to have been transported to the Kwangtung provincial capital. Installation work is expected to be completed within one month, following which a series of tests will be conducted.

Business Depression and Paper Notes

The business depression in Shanghai is evidenced by the falling of exchange and the fact that the banks have cut down on their papernote issues. With the exception of the Central Bank of China, all the Chinese banks in Shanghai are reporting a reduction in the issue of papernotes.

The *Nichi Nichi* says that up to the end of July, the total sum of paprenote issues by the eight leading Chinese banks, including the Central Bank of China, the Bank of China, the Bank of Communications, the China and South Sea Bank, the Ningpo Commercial Bank, the Chekiang Commercial Bank, the Land Bank of China, and the Agricultural and Industrial Bank of China, amounted to $319,769,000, as against $316,898,000 at the end of June, and $297,138,000 on the corresponding date last year.

Sian-Lanchow Bus Fares to Be Reduced

Beginning this month, passenger and freight rates on the Sian-Lanchow highway will be reduced by ten percent, according to Chao Tse-kang, director of the Bureau of Highways of the National Economic Council. With reduction of fares effective from September 1, the new passenger rates for travel by bus between Sian and Lanchow will be only $23.70. Freight rates will likewise be cut.

Good Harvest of Cotton Reported in Northwest Kiangsu

A good harvest of cotton is reported from Tungshan (Hsuchow), Hsiaohsieh and Paihsien, north-western Kiangsu, an area designated by the Provincial authorities specially for the cultivation of American cotton. Over 10,000 piculs of cotton have been reaped from 21,000 mows of fields. Kiangsu cotton co-operatives are preparing to transport the produce to Shanghai for sale.

Chiang Orders Farmers to Assist in Highway Construction

Persuant to instructions from General Chiang Kai-shek, the Kiangsi Provincial Government has ordered all farmers in the province to assist in the contruction of public roads during their leisure season. Instructions have been given to the various magistrates in the province by the provincial administration to the effect that each hsien should construct at least one inter-district highway beginning from November 1. It is expected that a total of 1989 kilomets of highways will be completed in Kiangsi province within one year with the assistance of about 15,000,000 farmers.

Chang Dah Bank Suspends

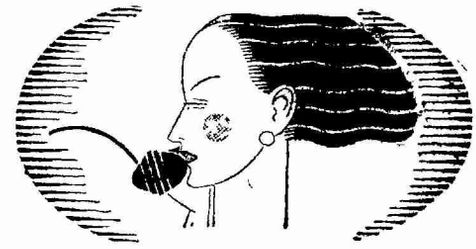
The Chang Dah Bank, Ltd., 25 Tientsin Road, Shanghai, suspended business as from September 1. This bank was opened in 1925 with a capital of $250,000 and has been registered with the Ministry of Finance as a commercial and savings bank. Following the Shanghai War of 1932 it was closed and liquidated.

Stamp Tax Came Into Force September

The new Stamp Tax Law came into force Sept. 1. Simultaneously, the Detailed Regulations governing the enforcement of the Law also became operative. Under the personal direction of Dr. H. H. Kung, Minister of Finance, and Wu Chi-ting, Director of the Internal Revenue Administration, a group of Stamp-Tax Inspectors have completed their special training in Shanghai and will be despatched to various parts of the country for service. Copies of the new Stamp Tax Law have already been despatched to the various Chambers of Commerce throughout the country by the Ministry of Finance. The various foreign Legations and Embassies have also been requested, through the Ministry of Foreign Affairs, to instruct their respective nationals in China to comply with the requirements of the new Law.

Changes in Peiping-Tientsin Garrison Seen

Some important changes in the garrison of Peiping and Tientsin are envisaged with the appointment of Gen. Sung Che-yuan, former chairman of the Chahar Provincial Government, as the new Garrison Commander. The powers of the Peiping-Tientsin Garrison Headquarters, it is learned, will be considerably enlarged and the Tientsin-Tangku Peace Preservation Headquarters, of which Gen. Shang Cheng, chairman of the Hopei Provincial Government, is the concurrent commander, will be abolished, the latter to be incorporated with the former functions of the organ.



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Concession to Americans Complicates Ethiopian Situation

Apparently without the help or knowledge of any Legation in the Ethiopian Capital, F. W. Rickett, a London financier, last week negotiated at Addis Ababa on behalf of the American-African Exploration and Development Corporation, a concession for the development of the mineral resources over one half of the Kingdom. The comment in Washington when the news was received was that America did not intend to purchase an interest in a war and that America would, as previously decided, remain neutral in case hostilities should break out in Africa. It is stated that the American corporation has agreed to advance a million dollars, which will be used by Emperor Haile Selasie to purchase munitions. The concession agreement was witnessed by Mr. Colson, American adviser to the Ethipoian Government. The U. S. Government is trying to have the contract cancelled.

The Rickett Concession is considered very seriously by Rome diplomatic circles, who regard the concession obtained by the British "Lawrence of Finance" as a new and important element in the present Anglo-Italian friction.

Italy's Position vis-a-vis Ethiopia

The Italian Government's position in regard to the East-African issue is defined as follows:

1. Italy and Ethiopia cannot be treated on an equal footing since Ethiopia has not abolished slavery and failed to keep her pledges toward the League of Nations.
2. Italy is firmly determined to act, because of the constant hostility shown by Ethiopia, despite the existing treaties.
3. Italy requests the support of the League of Nations.
4. In the event of such support being denied her, Italy will act alone.
5. Italy does not intend changing her attitude and will retort by military measures to any sanctions that may be applied against her.
6. Italy will withdraw from Geneva if sanctions be voted by the Council.

While prepared to defend her views in Geneva along the above lines, Italy is at the same time ready for all emergencies, economically and diplomatically, and armed to the teeth, Rome observers stressed.

Italy's present effectives of 800,000 men will be increased to 1,000,000 during the current month, while 200,000 men are already stationed in the Italian Somaliland and Eritrea, ready for action when the rainy season is over.

Japan May Accept Britain's Naval Plan

Japan may accept Great Britain's proposal for mutual notification of naval construction and for a qualitative limitation of navies, if London accepts Tokyo's plan for an upper tonnage limit. An assurance to this effect was made, according to reliable sources, by Samoru Shigemitsu, Vice-Minister for foreign Affairs, in an interview with Sir Robert Clive, British Ambassador to Japan, Aug. 29. Mr. Shigemitsu also expressed a hope for an early convocation of the disarmament conference, clarifying Japan's stand on the issue as given in a memorandum presented to the Whitehall on Aug. 24 through Keinosuke Fujii, Japanese Charge D'Affaires in London. Sir Robert also discussed with Mr. Shigemitsu the forthcoming visit to Japan and China of Sir Frederick Leith-Ross, economic adviser to the British Government. The Ambassador reportedly asked the Japanese official for assistance for the economic expert.

WHEN SOVEREIGNS ARE STRIPPED

(*From the unpublished Diaries of Mark Twain—September "Cosmopolitan"*)

"Let us take the present male sovereigns of the earth—and strip them naked. Mix them with 500 naked mechanics, and then march the whole around a circus-ring, charging suitable admission, of course, and desire the audience to pick out the sovereigns. They couldn't. Yo would have to paint them blue. You can't tell a king from a copper except you differentiate their exteriority."

China Inland Mission Will Pay No Ransom

Emphatic announcement that no ransom will be paid for Messrs. A. Hayman and R. Bosshardt, China Inland missionaries who are held by "communist-bandits" in Hunan, was made in a letter to the *Peking and Tientsin Times* by B. Lambert of the Tientsin China Inland Mission offices.

"In principle," says Mr. Lambert, "all missions are agreed that to ransom anybody is to very seriously endanger all others and accordingly the mission to which these two men belong has never ransomed and will not ransom any member who may be taken.

Who's Who in China

余籍傳字劍秋

Yu Chi-chuan

Yu Chi-chuan, Government official; born at Changsha, Hunan, 1893; received M. A. degree in Civil Engineering from the University of Illinois, U.S.A.; has served successively as technical expert and section chief in the Department of Reconstruction of Hunan Provincial Government; director of Public Works Bureau of Hankow Municipality; director of Municipal Affairs Bureau of Changsha; senior technical expert to the National Reconstruction Commission of the National Government and chief of the water conservancy department; director of the Engineering Bureau of the Chekiang Provincial Highway Administration; director of the Public Works Bureau of Nanking Municipality: now member of the Hunan Provincial Government and concurrently Commissioner of Reconstruction; address: Department of Reconstruction, Hunan Provincial Government, Changsha, Hunan.

余籍傳字劍秋，湖南長沙人，年四十二歲，美國伊利諾大學土木工科碩士，歷任湖北建設廳技正兼科長，武漢市工務局長，長沙市政處處長，國民政府建設委員會簡任技正兼水利科科長，浙江公路工程處處長，南京市工務局局長，現任湖南省政府委員兼建設廳廳長。

Koo Says Future of Sino-Japanese Relations Is Uncertain

Dr. Wellington Koo, Chinese Minister to Paris, expressed no optimism on the future of Sino-Japanese relations when intervi wed by press representatives at Nanking Aug. 30.

Dr. Koo said he is not at all certain what lies in future in the diplomatic relations between the two countries. While many important factors call for a policy of goodwill and cooperation between China and Japan in their mutual dealings, such a policy, according to Dr. Koo, apparently must primarily be built upon a basis of equality and reciprocity. China, for her part, has, since the Mukden outbreak in 1931, done everything in her power to maintain friendly relations and avoid an open conflict with Japan, and indeed in so doing, said Dr. Koo, she has compromised herself to a most serious extent.

Under such circumstances, continued Dr. Koo, it is only to be hoped that Japan will look farther ahead than her immediate interests and adopt a policy mutually beneficial to herself and her neighboring country in the long run. China, according to Dr. Koo, has unlimited economic possibilities, and left to herself to develop her resources, she would prove a boon to Japanese trade and enterprise such as are not even suspected by Japan.

Dr. Koo, who is one of the three Chinese delegates to Geneva in the forthcoming Council and Assembly meetings, was originally scheduled to set sail for Europe several days ago. At the request of Wang Ching-wei, President of the Executive Yuan and concurrently Minister of Foreign Affairs, he has postponed his trip and will give Mr. Wang his expert opinion on various questions concerning Chinese diplomatic relations.

The absence of Dr. Koo from the League sessions, it is stated, would not affect in anyway China's position, as China, as other member nations, has only one vote in the meetings. Dr. Koo expressed high hopes that the Assembly would favorably consider China's request for a special seat in the Council. China's case will be represented by Quo Tai-chi, Chinese Ambassador to Great Britain.

THE BREAKING POINT!

When Brain And Nerves Cry Out For Help.

Life in the Far East has many pleasures, but it also has its perils, especially at this time of the year.

The long period of damp heat, and loss of vitality through excessive perspiration, exact a heavy toll upon the constitution even of the strongest. Overwork, and the business worries so common to this day and generation, make a further severe tax upon the strength, all of which explains why so many people are feeling physically and mentally played out just now.

When you have sudden dizzy feelings, cannot "collect your thoughts," find out that your memory is no longer reliable, that you are unable to concentrate on your work, sleep badly, lack appetite, and need stimulants to keep you going; when after slight exertion you feel mentally and physically fagged out, any doctor will tell you that yours is a case bordering on neurasthenia or nervous breakdown, and that unless prompt and proper measures are taken to set matters right collapse will follow.

Your physician will also explain that the real cause of your condition is weak, watery, impoverished blood, and that therefore it is your duty to commence immediately a course of tonic treatment for your nerves and whole enfeebled system through the blood.

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Men and Events

It is reported that Hsiao Fu-chen, the veteran Kuomintang leader, will leave Siam on Sept. 5 for Canton.

"Little Sister Sue" is the title of an article contributed, to *Asia* (September) by Mayling Soong (Mrs. Chiang Kai-shek.)

The Nanking censors are heavily censoring Warner Bros, film version of Alice Tisdale Hobart's "Oil for the Lamps of China."

Dr. Charles E. Patton, of the China Council of the Presbyterian Church, Shanghai, has returned from a holiday spent at Unzen, Japan.

The American Consulate-General and other official offices of the United States were closed Sept. 2 in observance of American Labor Day, which falls on the first Monday in September.

Mrs. H. Welles, the wife of the principal of the Shanghai American School, returned to Shanghai this week with her two children from a two months' summer holiday in Peitaiho.

The printing of calendars giving lunar dates is prohibited by the Ministry of Interior and calendars of that type are therefore "things the possession of which is forbidden," the First Special District Court ruled Sept. 3.

Mr. and Mrs. Ben D. Dorfman and Mr. and Mrs. Frank A. Waring passed through Shanghai this week on the s.s. *President Grant* enroute Manila. Mr. Dorfman and Mr. Waring are members of the Economics Division of the United States Tariff Commission and will make an economic survey in the Philippines.

The index number of wholesale prices in Shanghai during July was 90.5, the lowest recorded since these returns were first compiled in 1921, according to statistics released by the National Tariff Commission. The figure shows a decrease of 1.6 and 6.6 respectively as compared with the preceding June and the corresponding month in 1935.

Japanese machinery manufacturers will hold an exhibition of their products in Shanghai, next month. The articles for the fair will be admitted to China duty-free under a special agreement reached between the Japanese Embassy authorities and the Chinese Maritime Customs, *Rengo* states.

Dr Wellington Koo, Minister to Paris on furlough, in an interview at Nanking Aug. 30 said that he has definitely decided to postpone his departure for France for one or two months, as he has to confer with President Wang Ching-wei, concurrently Minister of Foreign Affairs, on various diplomatic issues.

J. B. Powell, editor and publisher of the *China Weekly Review* and correspondent of the *Chicago Tribune*, is under treatment for a digestive ailment at the Shanghai Sanitarium, in Rubicon Road. He expects to return to his duties at his office at 160 Avenue Edward VII sometime next week.

Following investigation and recommendation by the executive committee of the Association, Felthan Watson, U. S. District Attorney, Aug. 31 filed with the U. S. Court for China a civil information asking disbarment of Asuncion Sian Veloso, Filipina (woman) attorney. Mrs. Veloso is alleged to have lent her name for unauthorized practice by her associate, incidentally her husband, and conveyed to the public that the firm, "including 'Doctor' Veloso," is practicing law in the U.S. Court for China.

News received during the week from Washington indicated that the appropriation for the new Federal building at Shanghai was duly passed and signed by President Roosevelt and was not affected by the filibuster carried out by Senator Huey Long just as Congress adjourned last week. Among the bills passed by Congress was one allowing Shanghai branches of American banks to charge interest at the rates permitted by Chinese law instead of limiting them to the 8 per cent imposed by Judge Milton J. Helmick, on the basis of District Columbia law.

Diamonds valued at about $150,000, which were recently seized from the Ping Cheng Jewelry Store, 639 Nanking Road, on charges that they were smuggled into the country, have been returned to the store on posting of $75,000 in shop security. Doong Soh-yu, manager of the store, awaits trial in the First Special District Court on a charge of purchasing smuggled diamonds. A decision on the question of whether or not the Customs has sole jurisdiction, independent of the court, in such cases, is awaited from Nanking.

The National Committee for the Enforcement of Free Educaton held a meeting at Nanking Aug. 30 at which Dr. Wang Shih-chieh, Minister of Education, presided. A Standing Committee of three was elected and the names were subsequently submitted to the Ministry of Education for approval. The question concerning curriculum standards and textbooks for short-term experimental primary schools was referred to a special committee for examination. Other questions relating to the creation of primary school areas in the provinces and municipalities; holding of a national census of children of school age; the enforcement of free education by District Governments; and the expenses as well as plans for the enforcement of free education, were referred to the Standing Committee.

Thus the *Japan Chronicle* of Aug. 27:—"We must extend our thanks to the postal authorities for the delivery yesterday of The *People's Tribune* (Shanghai) dated Septembr 16th, 1934. Professor Bickerton's article on his treatment in jail in Tokyo may have had something to do with this express service."

A report at Geneva Aug. 31 to the League of Nations by its Permanent Committee on Opium, showed that less drugs were manufactured the world over in 1934 than during any preceding year since the establishment of the League control. The report pointed out that the present output of narcotics answers the requirements of legal consumption, adding that the manufacture of cocaine and morphine was being gradually transferred to new countries. Thus, the report added, although in certain countries the production of cocaine during the year 1934 showed a decrease, it was on the contrary increased in Poland, Czechoslovakia, Belgium and U.S.S.R.

The Central Trust Bureau, organized by the Central Bank of China to take charge of its trust functions, will be opened for business middle of September. Chang Kia-ngan, the director, has selected as his chief lieutenant Dr. S. Y. Liu, one of the ablest young executives of the Bank of China. Dr. Liu is a graduate of the Wharton School of Finance of the University of Pennsylvania, U. S. A., and served his apprenticeship at the Continental Bank of Chicago. Subsequently, he proceeded to London University where he obtained the degree of Doctor of Science in Economics. Since his return to China, Dr. Liu has been professor of economics at Tsinghua University and served with the Finance Readjustment Committee of the Ministry of Finance. He is resigning his post as Chief of the Accounts Division of the Bank of China to join the Central Trust immediately.

Americans Charged with Conspiracy to Free Convicted Communist

J. Lemcke, Shanghai motor car salesman, and Eugene Brinson, promoter and publicity man, were taken into custody by the Chinese authorities at Hankow last week and turned over to the American authorities there, who in turn placed them in the British jail, as the American Consulate there is not provided with such an institution. These two Americans and another of unknown nationality named Naidis are charged by the Chinese authorities with having been engaged in a conspiracy to free the recently convicted Mr. "X" (Joseph Walden) from prison and spirit him out of the country, for which purpose they had carried with them many thousands of dollars. U.S. District Attorney Watson proceeded to Hankow by plane from Shanghai Sept. 2 on instructions from the American Embassy in Peiping. Lemcke and Brinson await trial at the U. S. Court in Shanghai.

Kwang Hwa Petroleum Company to Be Transferred to Japanese

Owing to its conflict with the U.P.T., the Kwang Hwa Petroleum Company has met unprecedented business difficulty and is endeavoring to make other connections in order to secure the selling rights for 2,400,000 tins of oil yearly.

According to Japanese reports the company has tried to make connections with the Japanese Petroleum Trust, which, however, has been reported to have declined the offer, because the annual amount of sales is too large.

Soviet Oil in China Threatened by Japanese Competition

The activities of Japanese oil interests have recently had an influence on Soviet oil in the Chinese market. According to the customs statistics, Japanese and Soviet oil exports to China are as follows:

OIL EXPORT TO CHINA FROM JANUARY TO JULY IN 1934 AND 1935

	1934	1935
Total	356,396,444 litres	238,959,090 litres
U.S.S.R.	40,855,001 ,,	26,428,062 ,,
Japan	23,515 ,,	9,432,654 ,,
U.S.S.R.	1,775,762 ,,	1,594,242 ,,
Japan	1,982 ,,	390,101 ,,

Pingsui Rail Head to Make Investigation Trip

Latest developments in railway enterprises in India, Japan and various European countries will constitute the subject of investigations by Shen Chang, managing-director of the Peiping-Suiyuan Railway Administration, for the next 12 months as he has been commissioned by the Ministry of Railways to make a one-year investigation tour in these countries.

Mr. Shen has been entrusted by the Ministry of Railways with the mission as a result of his meritorious service rendered to the Peiping-Suiyuan Administration during the past two years.

Mr. Shen is leaving Peiping for Nanking shortly to receive instructions from the Ministry of Railways. From Nanking, he will proceed to Shanghai, whence he will sail on his investigation tour.

Mrs. Owen Roberts Here to Co-operate in Child Welfare Work

Mrs. Owen Roberts, a noted child welfare leader of America, and the holder, by courtesy, of the title of managing director of China Welfare, Inc., of New York is at present in Shanghai, having arrived here last week, with her daughter, Miss Katharine Roberts, and her niece, Miss Isabel Sullivan. She has come here to consult with the National Child Welfare Association of China on necessary preparations for the erection of the child welfare centre in Nanking, which was given to the National Child Welfare Association by the National Government. In the course of an interview in the *North-China Daily News* Mrs. Roberts said:—"I am here to give assistance and the visit is one of co-operation. My organization feels that it is not a question of charity but of appreciation.

Mrs. Roberts mentioned incidentally that the depression in America had interfered somewhat with her organization's attempt to raise funds to build the Nanking Centre, but that the appeal now was being revived.

After her first visit to China, 19 years ago, Mrs. Roberts became extremely interested in Sino-American relations and for many years she has served as a member of the board of directors of the China-America Association. It was not until five years ago, however, that she became actively interested in the National Child Welfare Association of China and began her work to raise funds in America to assist the work here.

Mrs. Roberts expects to remain in China for at least six months and will "take things slowly." The Centre will be built according to plans drawn by a Chinese architect in Shanghai, although at the present time nothing definite has been decided.

U.S. Soil Expert Dies in Harbin

The death occurred in Harbin on August 25, of Dr. Curtis Fletcher Marbut who recently retired from active service in the United States Bureau of Chemistry and Soils of the Department of Agriculture at Washington. He arrived in Harbin on August 19, after travelling across Siberia, and was admitted to the German-Russian Hospital suffering from pheumonia. He died of double pneumonia. Dr. Marbut was an authority on soils and recently attended an international soil conference in London. He was coming to China as a visiting soil scientist for three months, to travel in this country with representatives of the Geological Survey.

Japan Files Protest Against Statements at Internationale Meeting in Moscow

Japan Sept. 3. joined the several States who have protested against the Soviet attitude towards the statements made by delegates at the seventh congress of the Third Internationale, which recently closed in Moscow. Meantime, despatches filed with the Foreign Office by Japanese diplomats in China and Moscow indicate that the Chinese Republic, through its Ambassador in Moscow, is about to issue a second note of protest, supplementing the demarche made by Dr. W. W. Yen on August 20.

The Japanese protest regretted the attitude of the U.S.S.R. Government in allowing Japanese delegates to the congress to express their views regarding activities designed to communize Japan, and that the congress had adopted "highly improper" resolutions referring to Japan. The complete failure of the Soviet Government to curb these declarations, which, instead were given wide publicity, in the press, was also regretted.

Bank of Canton Suspends Payment

The Bank of Canton, the leading Chinese Bank in Hongkong with branches in San Francisco, Bangkok, Shanghai, Hankow and the principal Chinese cities suspended payment Sept. 4. The Bank's paid-up capital and resources total forty million dollars. The reasons for the failure are stated to be the slump in shares and property values in Hongkong since 1931, and the recent heavy drop in the value of the Bank of Canton's shares on the Hongkong Stock Exchange. The Bank's depositors are mostly Chinese residing in America. The said Bank last month dismissed scores of clerks in accordance with a recently announced retrenchment policy.

Depositors staged a run on the National Commercial and Savings Bank, which issued a notification limiting depositors, including those having savings accounts to withdraw not more than twenty percent of their money, with the option to withdraw another twenty percent in ten days. The Bank states that it possesses assets of more than ten million dollars, while deposits only amount to five millions, but it is unable to convert assets into cash at a moment's notice.

In the United States Court for China

EMOLYN ELDIVA HARGRAVE, Plaintiff, vs. GLENN MORTIMER HARGRAVE, Defendant.	Cause No. 3935 Civil No. 1857 ORDER Filed at Shanghai, China, This 17 day of August, 1935. William T. Collins, Clerk.

The object of this suit is an action for divorce.

WHEREAS, Plaintiff herein, by her attorneys, has this 17th day of August, 1935, made application for the substitution of publication for personal service upon the Defendant herein; and

WHEREAS, it appears from the files in this case that on the 19th day of August, 1935, the summons for Defendant was returned by the United States Marshal for China with the following noted thereon: "Defendant cannot be found within the jurisdiction of this Court"; and

WHEREAS, it appears from the files in this case that on the 17th day of August, 1935, the Plaintiff herein filed an affidavit to the effect that the Defendant does not now reside in China nor has he resided therein since June, 1933, and that Defendant's last known address was Birthright, Texas.

NOW, THEREFORE, it is this 19th day of August, 1935, ORDERED that service upon the Defendant be made by publication once a week for three consecutive weeks in the *China Weekly Review*, Shanghai, China, a paper of general circulation most likely to reach the Defendant.

IT IS FURTHER ORDERED that the Defendant cause his appearance to be entered herein on or before the fortieth day, exclusive of Sundays and legal holidays, occurring after the 7th day of September, 1935, the day of last publication of this Order; otherwise the case will be proceeded with as in case of default.

BY THE COURT:

Dated at Shanghai, China,

This 19th day of August, 1935.

MILTON J. HELMICK,
Judge.

THE TANAKA MEMORIAL

Much debated secret document outlining Japan's imperial policy of conquest—supposedly presented to the Emperor of Japan by Premier Tanaka on July 25, 1927.

Although officially repudiated, Japan has nevertheless followed the Memorial's recommendations since 1931.

Preparing for War with U. S. A.?

The Tanaka Memorial should be read by all students of the Far Eastern Question. Send for a copy, the price is only 10-cents, with an additional 5-cents for postage.

Address orders to

THE CHINA WEEKLY REVIEW
160 Avenue Edward VII
Shanghai.

New Books of Interest in the Far East

Japan in the South Seas

Japan's Pacific Mandate, by Paul H. Clyde. New York, The Macmillan Company, 1935. 244 pages, with bibliography and index. Illustrated.

Professor Clyde, who now holds a chair of history at the University of Kentucky, has studied in the Far East and has spent a year (parts of 1933 and 1934) travelling and studying in Japan, China, the Philippines, the Dutch East Indies and the Japanese mandated islands.

After the War the League of Nations turned over certain Micronesian Islands to Japan under a mandate. In the carrying out of this mandate the islands are treated as though they formed a part of Japan. As Japan has now withdrawn from membership in the League there is a legal question as to whether or not she should retain the control of these islands. In this book Professor Clyde enumerates the arguments for and against such retention.

There is also some question as to whether or not Japan has been fortifying the mandated islands. Consequently, with a desire to learn all he could about the islands, their products, wealth, potential value and probable future, as well as to investigate the moot questions of mandate and fortifications, we can see that Professor Clyde had many reasons for his visit to the South Seas. But when we discover that he took this trip at the instigation of the Japanese, who facilitated all his travels there, we can see a suspicious raising of eye-brows on the faces of many Asian readers.

Professor Clyde presents an interesting account of the islands, outlines the method used in ruling them, discusses population, industry, labor, trade and international questions, sovereinty and fortifications. He quotes old foreign residents there in proof that the Japanese have no fortifications thereabout. There is an enlightening chapter on missionary work in the South Seas which is worthy of wider circulation than it will find in his volume.

On the whole Professor Clyde thinks well of Japan's governing of the mandated area and the Japanese government is doubtless pleased with his book. We do not wish to impugn any of his statements, but he himself, an historian, would probably agree with us that for an impartial view of the entire situation a man who could travel independently and not as the guest of Japan might naturally be expected to have a clearer view of such matters as call the world's attention to the islands now under the mandated rule of Japan.

G. B. S.

August 24, 1935.

Ex-Director of Budget Sees Disaster in Spending

The Liberal Tradition, by Lewis W. Douglas. D. Van Nostrand Co., New York, 1935. 136 pages. Price $1.50.

When President Roosevelt assumed office in 1933, he was pledged to a program of "rigid governmental economy." To achieve this end he appointed as Director of the Budget Lewis W. Douglas of Arizona. As the whole world knows, Roosevelt has abandoned the conservative financial course and adopted a plan of lavish governmental spending as the cure for the depression. The spending program necessarily unbalanced the Federal Budget. Finding himself in fundamental disagreement with the President, Director Douglas resigned his position in September of 1934.

In *The Liberal Tradition*, Mr. Douglas gives a challenging analysis of the "New Deal." It is a book that considers the fundamentals of political economy and their application to current problems. It is obvious from this book that it was not merely the fact that the Federal Budget was unbalanced that caused Mr. Douglas to resign, but rather what the budgetary unbalance signified. "From whatever angle we approach the problem, if the spending policies are continued, regardless of what the interventions may be—whether an apparent recovery or a slow process of disintegration—the terrific impetus of the economic forces created by another inflation, either credit or fear, and another great deflation, by an insolvent Federal Reserve System, a bankrupt banking system, a destroyed middle class, and no credit with which the unemployed may be relieved, it is difficult to conceive of the method by which we may escape from a dictatorship. It is for this reason that the present fiscal policy, if continued, accentuates the issue manifested in the various acts designed to create a planned economy."

The author quite accurately says that the depression was not caused by too much competition. On the contrary, the sins of the past have been departures from true liberalism in American economic life. Our high tariff has discriminated against agriculture and in favor of industry and it has contributed to the mal-distribution of gold throughout the world. High prices charged by monopolies have injured the farmer whose products have been sold in a competitive market. Monopolies and monopolistic trade unions have kept prices and costs more rigid than they should have been if the economic system was to adjust itself easily to changes going on throughout the world. A last and greatest sin against the truly liberal order was the inflation of incomes that went on during the years from 1922 to 1929. We are now paying the penalty for these sins against "liberalism."

Attractive as the idea of planning appears, its ultimate form is that of "the completely powerful and tyrannical state." "Plans lead to other plans—the initial powers necessary to them give rise to further powers—the initial act of quasi-planning by reason of its inherent contradictions and confusion generates the demand for further authority." Planning in the economic field will lead to a disappearance of liberty in all fields.

Not only is the unbalanced Federal budget a manace to the credit of the government, but the spending for public works and for relief measures is in itself a source of danger to liberalism. "Expenditures for relief and public works" writes Douglas, "create vested interests." Expenditures of this type have been on the increase and a continuation of this sort of outlay seems likely. "How many of the vested interests created by government spending . . . . will be willing to become divested? How many of the municipalities will be willing to take back to themselves burdens which they have pushed over on to the Federal government? How many of the retail merchants will be willing to see a diminution of government spending and consequent decrease in the volume of their business? Will the bureaucracy itself, created as a natural and inevitable concomitant of a great spending program, be willing without a great struggle to see itself dismembered?"

Unlike many of the critics of Roosevelt's administration Mr. Douglas knows what he wants. In brief, it is a return to a traly liberal economic order: competitive and flexible prices, a lowering of the high American tariffs, a reformed and sounder banking system, a fiscal policy that will not endanger the stability of the currency and the foreign exchanges, and a greater use of the "Compact Clause" of the Constitution which will permit of a greater exercise of local responsibility. An economic order based on these principles will not only work, but it will be one in which there is hope for survival of personal and political liberty.

WALTER B. SMITH.

Williams College,
Williamstown, Mass., U.S.A.

Romantic Adventure and Philosophy in Combination

The End of Illusion, by Homer W. Smith. New York, Harper and Brothers, 1935. 316 pages.

The publishers tell us that "since the publication of *The Fountain* there has been no book which combines so excitingly romantic adventure and philosophy." With this in our minds we turned to the present volume with expectation and interest. The result, at least to the reviewer, has been baffling.

A man, obssessed by an idea of travel to a certain out-of-the-way place by a certain unknown route, comes in contact with a situation of tragedy and emotional stress. From the working out of his reactions to this situation there is supposed to result the philosophy of the book. In the words of the chief character this philosophy is as follows:—"To fear Fate is to fear the weakness and inertia of the flesh, its prejudices and passions, its traditions, habits, its feeble visions of the future and too faint memories of the past; Fate is but the sum, the substance, the integration of the dynamic whole. And it is the only road to liberty that life can take . . . . ." There seems to be no mystery about this philosophy: it is the view-point of the fatalist, whether in Asia or in the Western world.

To us the aesthetic value of the book is weak because of the weakness of its characters, none of whom has a great soul. The location of the action is remote from civilization and all those who have spent time in remote and lonely places, apart from others of their kind, know that under these conditions even the most ordinary events of daily existence may become distorted. We constantly feel the warping of the characters in this tale and there is no uplift to give us emotional relief.

G. B. S.

August 24, 1935.

People and Their Characteristics

A world traveler gives the following as the chief characteristics of the people of various countries: Most progressive people, American; most conservative, English; most mysterious, Chinese; most sporting, Australians; most musical, Hungarians; most religious, Irish; most courteous, Japanese; most hospitable, Spanish; most romantic, Italian: most methodical, Germans.

The above might be amplified as follows: The conservativeness of the British has recently received some decided jolts. And as regards the description of the Chinese as "mysterious," they can only be considered such by those who do not know them.

Newspaper Exhibit Held in Hangchow to Celebrate "Journalists' Day"

"Journalists' Day" was observed in Hangchow Sept. 1 with the opening of an exhibition of newspapers and periodicals collected from all over China. The exhibition, which consists of over 5,000 kinds of printed journals of news and opinion, including dailies, weeklies, monthlies, annuals some dating back to several decades ago, was held at the Y.M.C.A. building and was viewed by more than 5,000 persons.

Feng Yu-hsiang Ridicules Report That He Was Fired On

A report circulated by the Japanese *Rengo News Agency* on August 27 to the effect that General Feng Yu-hsiang, erstwhile commander of the Kuominchun, was fired at by a railway guard while distributing relief grains to flood victims at Taian, has been categorically denied at Nanking. Statements emanating from the Tientsin-Pukow Railway Administration elicit the information that the Japanese report was entirely groundless. The report in question also stated that the bodyguards of General Feng returned fire, resulting in 10 persons being killed.

This photo of Gen. Feng Yu-hsiang was taken after the alleged attack by a railway guard at Taian.

According to special correspondence recieved from *The Review's* correspondent at Taian, General Feng, when informed of the alleged incident, laughed rt the report. General Feng said that he would just ignore it and would not issue any denial, as that might lend credit to the rumor-mongers. At the request of the correspondent, General Feng posed with him for a joint photo, which, General Feng said would be the evidence of the falsehood of the report.

Since the flood situation in Shantung beeame serious and many flood refuees flocked to Taian from the inundated districts, General Feng has suspended his private study and taken an active part in the relief work. He has daily prepared bread and Mrs. Feng has assisted in making winter suits for distribution among the flood victims. In order to raise funds for the purpose, General Feng has written many scrolls for sale, some of which have already been sold. In the meantime, General Feng has also organized a service corps to attend to the sanitation, health and other miscellaneous affairs of the flood refugees.

Summer Diarrhoea

A Danger to Babies.

Summer heat is always likely to upset a baby's digestion. It may also partially spoil or affect foods fed to the baby, or taken by the mother, in which case mother's milk may become unsafe. Dread summer diarrhoea is a natural outcome.

A wise precaution is to give Baby's Own Tablets regularly during the summer months, for these tablets prevent poisons from undigested food accumulating in the child's system.

And if diarrhoea does occur, Baby's Own Tablets are effective in correcting this condition. Each tablet contains the right amount of a simple substance given by children's specialists for summer diarrhoea. To quote an eminent authority. "As to the youngest and most delicate child this substance in small doses should gently stimulate liver, gall bladder and intestines safely. Nothing is better in summer diarrhoea."

A Toronto mother proved the value of Baby's Own Tablets last summer. She says: "Last year while at a camp a child of four got summer complaint. I gave her some Baby's Own Tablets and they improved her right away. I have used them during teething and found them unequalled. My children call them little candies and will take no other. I have used them for sixteen years and would not be without them in the house."

These sweet-tasting, harmless little Baby's Own Tablets are safe for even the most delicate baby. Complete directions are given with each package, showing the correct number of tablets for different ages, from infancy to 12 years of age. Use them to help keep your children in good health as well as in the treatment of diarrhoea, constipation, upset stomach, teething troubles, sleeplessness, colds, croup and simple fevers.

NOW ON SALE

China Year Book

1935 EDITION

The 25 Chapters of the 17th issue of the CHINA YEAR BOOK, edited by H. G. W. Woodhead, C.B.E., have as usual been revised or rewritten with the assistance of many experts, Chinese and foreign, and every effort has been made to bring information and statistics up to date.

The Chapter on the Kuomintang covers the political history of China in 1934. The Chapter on the Chinese Government contains the Text of the Provisional Constitution, the Organic Law, and the Draft of the Permanent Constitution.

The Chapter on International Issues gives the text of the Agreement and Exchange of Notes of the sale of the Chinese-Eastern Railway, besides the latest documents relating to Sino-Japanese issues.

China's Communications—Railways, Roads, Post Office, Telegraphs, Wireless, Telephones and Aviation—are very fully dealt with.

Father D'Elia, in the Chapter on Religions, contributes an interesting Chronological Review of Catholic Missions in China.

Mr. E. Kann is again responsible for the Chapter on Currency and Banking, and the Loan Tables.

A new feature is a Chapter on China's Modern Industries.

Price: $18 (Postage in China 30 cents extra)

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74-039

CUSTOMS NOTIFICATION No. 1463

The public is hereby notified that, to reduce the circulation of documents, to simplify procedure, both for the Customs staff and the public, and to expedite the passing of cargo, the Unit System, whereby each of the Sections in the present Appraising Department will be converted into a self-contained Unit in which applications will be dealt with from reception until final release, will be introduced on the 16th September, 1935. The Unit System will make it possible to consolidate on the second floor of the Custom House all the functions involved in passing foreign import, transhipment and bonding applications, and it will make it possible to concentrate on the first floor of the Custom House all Export, Re-export, Interport (Inwards and Outwards) and Pass Office work.

Foreign Imports, Transhipments and Bonding:

The following desks will be installed in the western end of the south wing of the second floor:

1.—Application Receiving Desk.
2.—Consular Invoice Desk.
3.—Foreign Manifest Desk.

and applicants will be required to hand in the following applications to the Application Receiving Desk:

1.—Foreign import Applications.
2.—Transhipment Applications, Abroad to Abroad.
3.—Transhipment Applications, Abroad to Chinese Ports.
4.—Entry into Bond Applications.
5.—Withdrawal from Bond for Importation Applications.
6.—Shipment in or *ex* Bond Applications.

The following desks will be installed at the eastern end of the northern wing of the second floor:

1.—Central Recording Desk.
2.—Manifest Extension Desk.
3.—Bonding Desk.

After payment of duty applicants will be required after the introduction of the new system to hand in Parts 1 and 2 of their Duty Memos., bills of lading and/or delivery orders and Passes and Sub-Passes through a chute at the Central Recording Desk.

All documents, including Duty Memos., bills of lading and/or delivery orders for cargo to be examined, and stamped bills of lading and/or delivery orders, will be returned to applicants through the Waiting Room as in the past.

Units 1 to 4, which will deal with foreign import, transhipment and bonding applications, will be situated as follows:

Unit 1: eastern end of the south wing of the second floor.
Unit 2: east wing of second floor.
Units 3 and 4: north wing of second floor.

The goods dealt with by each of the above Units will be the same as those dealt with by the Section with the corresponding number in the present Appraising Department.

Native Imports and Transhipments: Unit 5:

Unit 5 will be situated in the middle of the southern wing of the first floor and will include Section 5 of the present Appraising Department, the Import Clearance Record Desk and the Native Manifest Desk. Applicants will be required to present the following applications through the chute at present used for the return of Parts 1 and 2 of Duty Memos. after duty has been paid:

1.—Transhipment: Chinese Port to Chinese Port Applications.
2.—Transhipment: Chinese Port to Abroad Applications.
3.—Interport Import Applications.
4.—Import Applications for foreign goods from Chinese and Manchurian Ports (including Dairen).

The general procedure in connexion with the above applications will remain unchanged.

Exports and Re-exports: Unit 6:

Work connected with Exports and Re-exports will be concentrated in the northern wing of the first floor, and Unit 6 will comprise Section 6 and the Factory Inspection Desk of the present Appraising Department, and the Export Department of the present General Office. The Appraising Desks of Unit 6 and the Factory Inspection Desk will be placed at the western end (present location of the Pass Office) of the northern wing.

Re-export and Repacking Applications will be received through a chute near the present location of the Clearance Desk.

The general procedure in connexion with exports and re-exports will remain unchanged.

Entry Desk: This desk will be placed in the middle of the south wing of the first floor and will receive ships' papers and manifests as at present.

Pass Office: The Pass Office will be removed to the western end of the south wing of the first floor next to the Sub-Pass Office.

General Remarks:

1.—Applications requiring correction will under the new procedure be retained at the Unit or desk concerned and will not, as hitherto, be filed at a central Wrong File Desk.

2.—In order to accelerate the passing of their applications through the Customs, applicants are strongly advised to make out applications in such a manner that they may be dealt with and completed at one Unit. Applications covering goods dealt with by more than one Unit will have to circulate through the office, and some delay will in consequence be unavoidable.

L. H. Lawford,
Commissioner of Customs.

CUSTOM HOUSE,
Shanghai, 2nd September, 1935.